# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Twelve leaders held in Iran

**Iran's new military government arrested the former had of SAVAK, the secret police, six former Ministers and a string of senior officials.**

State radio said a total of 12 people had ben arrested and they were being held in a Tehran army barracks. The city itself was reported quiet with most shops and offices still closed.

The SAVAK chief, General Nassiri, had been accused in the past of ordering torture and illegal arrests. He headed the security service for 13 years. **Back Page**

### Prices pledge by bakers

Long queues formed outside bread shops as the bakery workers' strike began but Master bakers, whose employees are not affected, agreed to a request from Prices Secretary Roy Hattersley to hold prices at pre-strike levels.

A Unigate milkman escaped unhurt when a man who he caught stealing a loaf fired two shots from an airgun. Independent bakers, **Page 8**

### Troops stand by

Tanzania has moved up to 10,000 troops to the area west of Lake Victoria in preparation for a push against Ugandan troops occupying disputed territory along the Kagera river. **Page 3**

### Police warning

Police hunting Alvada Kooken, the woman who is said to have compiled a 30-name "death list," say she could be wandering around the outskirts of London in a mentally disturbed condition. The search was launched after a woman was shot dead at a bus stop.

### Airports risk

UK travel agents meeting in Torremolinos heard that growth potential was such that British airports could face the prospect of at least 8m passengers more than they could handle by the late 1980s. Rift widens over Iberia move, **Page 6**

### Death at work

A total of 270 people were killed and 170,000 injured in accidents at work during the first six months of the year. Deaths in the second quarter were 14.2 per cent higher than in the first. **Page 8**

### Inquiry halted

A public inquiry at Buxton into a by-pass planned for two towns in the Peak District was abandoned when the inspector upheld a complaint from a local rambler that the Department of Transport had failed properly to inform people about the inquiry.

### There's lovely

Ebbw Vale, the Welsh town hit by British Steel closures, has attracted a more exotic ray of hope for its unemployed. English Grains is to establish a £1m factory to make products from the Oriental root ginseng.

Gensing grows mainly in Korea and China but worldwide sales of tablets, elixir and tea made from it are growing. The factory will employ 50 people initially, half of them women. Ginseng is said to be an aphrodisiac.

### Briefly ...

Ladbrokes the bookmakers make Miss UK the 8-1 favourite for the Miss World contest.

Soviet Union staged its annual parade of military hardware through Red Square.

At least 170 people were hurt when a Staten Island-Manhattan ferry hit a dock in fog.

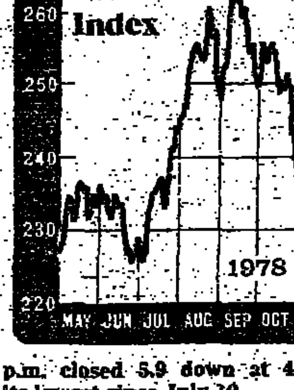
West Germans have grounded their twin-jet Alpha fighter for safety checks on the ejector seats.

E-boxing champion Henry Cooper escaped unhurt when his car crashed off the M1 after a puncture.

### BUSINESS

## Equities down 5.9; Gold up $5\frac{1}{2}$

● **EQUITIES** markets saw renewed selling pressure on pay and labour worries, and the FT ordinary index, down 6.5 at 2 p.m. closed 5.9 down at 469.5, its lowest since July 19.




● **GILTS** were dull in thin trading and the Government Securities index closed 0.17 down at 68.38.

● **STERLING** fell 45 points to $1.9725, and its trade-weighted index closed at 62.6 (62.8).

● **GOLD** rallied $5½ to $216¼ in London.

● **WALL STREET** was 16.28 down at 796.80 just before the close.

● **BIG FOUR** clearing banks are divided on whether the UK should join the proposed European Monetary System. **Back Page**

● **EUROPEAN** Investment Bank is to lend the National Water Council £210m over the next two years for developing water and sewerage resources in areas in need of industrial regeneration. **Page 6**

● **BSC** is bying the sheet metal stockholding business of Glynwed in a deal which will cost the corporation up to £5m. **Page 7**

● **SIEMENS**, West Germany's largest electricals group, is to raise DM175m by a one-for-20 rights issue. **Page 34**

● **AUSTIN-MORRIS** car assembly is at a standstill with 20,000 workers idle following a strike by 3,500 workers at Drews Lane steering and suspension plant. Preliminary estimates suggest that BL has captured more than 30 per cent of the UK market so far this month, while Ford's share in October fell to 18.72 per cent against 30.45 per cent last year. **Back Page. Callaghan silent on Ford sanctions, Page 10**

Japanese car manufacturers have promised to continue to exercise prudence over the level of exports to the UK. *(Page 7)*. At the same time SMMT figures show a rise of 20,000 so far in 1978 in Japanese exports to Britain compared with the whole of 1977. **Page 5**

### LABOUR

● **BOC's** gases division drivers and cylinder handlers have rejected the company's "final" pay offer of between 8½ per cent and 9 per cent. **Page 8**

● **MASSEY FERGUSON** plans to phase out 1,000 jobs at its Kilmarnock combine harvester plant next year and concentrate production in France in order to contain losses. **Back Page**

### COMPANIES

● **THREE-TIER** system of company reporting based on company size is proposed by the Department of Trade, which will publish its plans in the spring. **Back and Page 8**

● **COATS PATONS** pretax profits fell from £40.91m to £32.85m in the first six months of 1978 on sales up from £323.59m to £330.06m. **Page 24 and Lex**

● **CAPPER-NEILL** reports pretax profit for the first six months to September 30 of £2.26m (£2.06m) on turnover up from £30.5m to £41.5m. The group is to make a one-for-four rights issue. **Page 27**

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| | | | | | |
|---|---|---|---|---|---|
| **RISES** | | | English Property | 34 | − 2 |
| AB Electronic Prods. | 130 | + 5 | Eva Inds. | 100 | − 4 |
| Allied Retailers | 110 | + 8 | General Accident | 190 | − 6 |
| Arenson (A). | 79 | + 4 | GEC | 306 | − 5 |
| Kloof Gold | 464 | + 13 | HK and Shanghai | 268 | − 18 |
| President Steyn | 631 | + 37 | ICI | 355 | − 5 |
| Rustenburg Plat. | 93 | + 5 | Jardine Matheson | 223 | − 17 |
| UC Investments | 200 | + 8 | Lon. and Prov. Shop | 110 | − 6 |
| Union Corp. | 264 | + 6 | Lucas Inds. | 292 | − 9 |
| | | | NatWest | 272 | − 6 |
| **FALLS** | | | Racal Electronics | 314 | − 8 |
| Treas. 13¼pc '93 | £102¼ | − ½ | Ransomes Sims | 165 | − 5 |
| Airflow Streamlines | 86 | − 8 | Rolls-Royce | 98 | − 4 |
| AB Foods | 65 | − 3 | Staveley Inds. | 279 | − 5 |
| BTR | 312 | − 10 | Tunnel B | 272 | − 8 |
| Bank of Ireland | 385 | − 10 | Yarrow | 320 | − 6 |
| Bath and Portland | 50 | − 4 | Anglo Utd. Dev. | 220 | − 8 |
| Brown (J.) | 408 | − 10 | MIM Hldgs. | 187 | − 6 |
| De La Rue | 390 | − 25 | Northgate Expln. | 360 | − 20 |
| Dunbee-Combex | 90 | − 4 | Westfield Minerals | 140 | − 7 |

# Wilson denies any knowledge of oil sanctions breaking

BY RICHARD EVANS, LOBBY EDITOR

**Sir Harold Wilson, former Prime Minister, categorically denied yesterday any knowledge of sanctions breaking in Rhodesia by British oil companies.**

*Sir Harold claimed in his long-awaited Commons speech on the Bingham revelations that having checked through the relevant Cabinet papers, it was "inconceivable that any of my Ministers knew about or colluded with what amounted to a breakdown of the sanctions policy."*

Specifically, he denied a suggestion by Lord Thomson of Monifieth, former Commonwealth Secretary, that he had seen a key minute sent to No. 10, Downing Street, which disclosed details of the alleged sanctions breaking by Shell and BP through an exchange arrangement with the French company, Total.

Sir Harold's version, listened to largely in silence, was that the minute giving details of a meeting on February 6, 1969, between Lord Thomson and the chairmen of the two oil companies, was sent to to 10, but was not seen by or by Sir Michael Palliser, his private secretary.

The former Premier pointed out that hundreds of documents and despatches were sent from the Foreign Office. This one was not highlighted in any way, so it was not brought to his attention.

*Sir Harold suggested that if* Lord Thomson and his Ministerial colleagues at the time had known about sanctions breaking, the Cabinet and the Government's law officers would have acted immediately. None of the Cabinet records disclosed any hint that the allegations had been passed on, however.

He repeated his view that there should be a further detailed and independent inquiry into the Bingham allegations, particularly as they affected successive Governments and civil servants after 1968, and that the relevant Cabinet papers should be made available.

### Tory view

The official Conservative view, put by Mr. Francis Pym, acting Shadow Foreign Secretary, was that there should be an inquiry by Parliamentary select committee, rather than by a legal tribunal—a demand likely to be repeated frequently by MPs of all parties during the two-day debate on Rhodesia.

Opening the debate, Dr. David Owen, Foreign Secretary, said it *was now for the Government*, the Commons and the country to face up to the implications of the Bingham report. "There has been no cover-up and there will be no cover-up," he insisted.

Describing the complexities facing different Governments in trying to prevent oil supplies from reaching Rhodesia, Dr. Owen said that no one reading all the papers could level a charge of complicity, deceit or double-dealing.

He was jeered by backbenchers on both sides when he added: "Here were honest men of successive Governments struggling with a massive political problem, seeking the best solution, bearing in mind all the restraints and limitations within which they felt they had to operate."

Mr. Pym appealed to the Prime Minister to hold a Camp David-style summit to bring all sides in Rhodesia together. He argued that the situation was grim enough to call for a personal intervention.

Mr. Callaghan, however, said that, although he had considered

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**Parliament Page 10**

# Queen's Speech vote will be close

By Elinor Goodman, Lobby Staff

*THE GOVERNMENT appears to* be sailing perilously close to the wind in the final vote in the Queen's Speech tomorrow night. Its survival will depnd on it calling the bluff of the minority parties who were threatening last night to abstain or to support the Conservatives.

The Liberals, whose formal pact with the Government ended this summer, have been persuaded after all to support the Tories' amendment on the Government's handling of the economy inthe light of the very careful way in which it has been phrased.

Instead of calling specifically for Tory economic policies, it condemns the Government's handling of the economy in general terms and calls for an immediate general election. Its very vagueness may also have helped to avoid an embarrassing *Tory split on pay policy*.

The Liberal's decision means that the Government's survival depends on the abstentions of either the 11 Scottish Nationalist MPs or seven of the Ulster Unionists. Last night the SNP MPs, who are to meet representatives of their executive today, were believed to be seven to four in favour of voting with the Tories.

But the feeling in Westminster was that in the event they would abstain rather than bring down the Government when the opinion polls suggest that they would do badly in an election.

The Ulster Unionists are also to meet today to discuss strategy, but even if some were prepared to vote with the Tories it seems unlikely that Mr. Enoch Powell would be prepared to support his former party.

Given that the Government is in a minority of five against the combined opposition, even the three votes of the Welsh nationalists might be crucial. Last night, the indications were that they *would probably abstain*.

Although the Liberals gave notice in the summer that they would probably vote against the Queen's Speech, it looked last week as if the Tory amendment would be phrased in such a way as to make it impossible for them to support it.

The expectation was that it would not only condemn the Government's handling of the economic situation but put forward the Conservatives' proposales for dealing with it.

At the weekend, however, Mr. David Steel, the Liberal leader, said that his party would support the Conservatives if they called for an immediate general election, and condemned the Government's handling of the economy in general rather than specific terms.

# Bank figures show rise in money supply

BY MICHAEL BLANDEN

**A FURTHER sharp rise in the money supply last month was indicated by the latest banking figures published yesterday.**

The increase in the sterling money stock on the wider definition (M3), the measure used for the official targets, may have ben as much as the jump of around 11 per cent recorded in September.

This would still leave the growth of sterling M3 over the first six months of this financial year at around or just under the bottom end of the official target range of 8 to 12 per cent.

The money stock figures for mid-October, due to be published in detail on Thursday next week, *will be the last available before* the Government announces its revised monetary targets. Since the last Budget, these are now being rolled over each six months.

The main pointer to the October figures is given by a sharp increase in the total eligible liabilities of the banking system. These are the main deposit funds of the banks and an important constituent of the money stock, although the money figures are subject to a number of adjustments, including those made to eliminate known seasonal influences.

The eligible liabilities increased by £1.05bn during the *four weeks to mid-October, or by* 2.4 per cent, to £44.6bn, excluding the £310m brought in as a result of the inclusion for the first time of the National Girobank.

This rise may not be fully refected in the money supply, however, since there appear to have been some special influences inflating eligible liabilities due to transactions between the banks and the money *market*.

The banking figures also show that there was a renewed upward trend in the level of bank lending, after two quiet months. However this did not reach the high growth rate recorded earlier in the year.

In spite of the growth of lending and deposits, however, the big London clearing banks individually and the banking system as a whole remained well within their ceilings under the official corset controls.

Penalties under the corset will be imposed next month on any excess expansion in the interest-bearing of individual banks' eligible liabilities, taking the *average of the past three months* compared with the base period (the six months from November 1977 to last April).

The London clearing banks announced that their sterling lending to the UK private sector increased during the month by £320m. There was only a small seasonal rise to be expected, so the underlying movement was again upward. The largest increases were in the *manufacturing, agricultural and retail* sectors.

**Peter Riddell writes:** The Treasury last night confirmed that almost all the contingency reserve for the financial year to next April has now been committed.

In a Parliamentary written answer, Mr. Joel Barnett, the Chief Secretary to the Treasury, said only about £50m out of an original £815m (at 1978 survey prices) now remains. The reserve is intended for extra spending decided on during the course of the financial year within the planned limits set out in the annual White Paper.

The commitment of almost all the reserve at this stage is not unusual.

The main allocation of the contingency reserve in 1978-79 have been £156m on special employment measures, £141m for *the Christmas bonus for pensioners* and the winter fuel scheme and £396m in the April Budget measures, principally the increase in child benefit.

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# Mulder quits in row over 'misuse of public funds'

BY QUENTIN PEEL JOHANNESBURG, Nov. 7.

DR. CONNIE MULDER, the *second most powerful man in* the South African Government and former Minister of Information, tonight resigned from the Cabinet in the wake of allegations of misappropriation of public funds from his former department.

In a statement protesting his innocence of any wrongdoing, Dr. Mulder presented his resignation "in order to assist the Prime Minister, Mr. P. W. Botha, *in repulsing this onslaught* against the National Party, the Government and the country."

His decision to quit the post of Minister of Plural Relations and Development—the portfolio responsible for all African ffairs and race relations—comes only six weeks after he was narrowly defeated by Mr. Botha in the contest to become South Africa's new Prime Minister.

*His resignation follows wide-*spread pressure from within the ranks of the ruling National Party and the Cabinet, and provides the most dramatic casualty to date of the revelations about the activities of the former Information Department —*including the substantial sub*sidy of an allegedly independent newspaper, and loans of public money to private enterprise *projects*.

It also deprives the South African Government of its leading ideologue, closely concerned in adapting the policy of racially separate development to meet black aspirations and resentment. Dr. Mulder was due to unveil a five-year plan for South Africa's black population in the coming weeks.

### Clear conscience

In his statement, Dr. Mulder declared: "I am convinced of my innomence, and therefore, I am still prepared to give evidence before the Erasmus Commission (set up to investigate the Information Department activities) to prove my honesty and integrity beyond all doubt.

"I have no pangs of conscience about the entire matter, because everything I have done, I did in *the conviction that I was serving* my country, South Africa, in the best way."

Dr. Mulder said that Mr. Botha had handled the matter "with the greatest dignity, correctness, honourableness and decency towards me. I still have the highest respect for him."

In the past week, since the release of sworn evidence of the activities of the Information Department, there has been rapidly escalating pressure on Dr. Mulder to resign from his own colleagues, worried that he might split the National Party if he fought to stay on, and even bring down other leading figures in his efforts.

Only this morning, Die Transvaler, the official newspaper of the National Party in the Transvaal Province where Dr. Mulder is party leader, urged him to withdraw, at least temporarily, from the provincial leadership.

Reports of the clandestine activities of Dr. Mulder's former department, which have been circulating for more than a year, finally came to a head last week with the publication of sworn evidence presented to a judicial commission on exchange control violations.

In it, witnesses closely linked *to the department* revealed that R12m (£7m) had been used to subsidise the pro-Government, English-language newspaper, the Citizen. The same money had been invested in a company belonging to Mr. Louis Luyt, the *fertiliser magnate*. Other public funds had been used to support a commercial film venture, and buy luxury flats at the coast.

# Clash likely over EEC fibres cartel

BY GILES MERRITT BRUSSELS, Nov. 7.

A CLASH between the Brussels Commission and EEC member-governments backing their own man-made fibres industries seems inevitable at to-morrow's long-delayed examination of the fibre producers' cartel agreement.

Failure to find a formula that *would permit the "crisis cartel,"* signed by the major producers last June, to go ahead could lead to an open challenge to the European Commission's authority, according to textile industry executives.

The European man-made fibre *giants, grouped in the Paris-*based Comite de la Rayon et du Fibre Synthetique, are understood to be planning to redistribute their original market shares under an "ad hoc agreement" even if the Commission decides to initiate anti-trust proceedings against them.

In recent weeks, national Gov-

**Continued on Back Page**

# U.S. draws $2bn from IMF

BY DAVID BUCHAN WASHINGTON, Nov. 7.

THE U.S. has another $2bn in foreign currencies for use to defend the dollar on the world money markets, after yesterday's transfer of that amount in D-Marks and Japanese yen from the International Monetary Fund to the U.S. Treasury.

The move, announced last week as part of the Carter Administration's wide measures to defend the dollar, was expected. In all, *the U.S. is drawing $3bn in* German and Japanese currencies from its reserve position at the IMF. The remaining $1bn has also been agreed by the 10 main countries that participate *in the supplementary financing* scheme known as the General Arrangement to Borrow, and the Treasury expects to get the money on Thursday.

The announcement of the dollar defence measures last Wednesday, including an increase from $7.6bn to $15bn in the amount of foreign currencies that the U.S. Federal Reserve Board can acquire short-term from the German, Swiss and Japanese central banks, has probably had more to do with the subsequent rapid improvement in the dollar than any intervention by the Fed itself.

Te Fed will not disclose the level of its intervention on the foreign exchanges. But whether the U.S. has to use all its new foreign exchange or not, it has to be seen to be mobilising them.

The Treasury said that the sale from the U.S. stock of IMF Special Drawing Rights of $600m to the Bundesbank and *of $500m worth to the Bank of* Japan was proceeding smoothly. But technical snags were holding up the sale of SDRs to Switzerland, which is not a member of the IMF

● Mr. William Miller, chairman of the Federal Reserve, has given a warning that interest rates in the U.S. might increase further and that growth in the U.S. might dip to 2.5 per cent next year.

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### FEATURES



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EUROPEAN NEWS

# Power shifts in Tito circle

By Paul Lendvai in Vienna

DESPITE PROTESTS and angry denials in the past, it now seems clear that the 86-year-old President Tito of Yugoslavia has divorced his wife, Jovanka.

The 54-year-old Mrs. Tito disappeared from the public eye in June last year and has not been seen since. Press speculations that the former partisan major, who has been married to the President since 1952, was involved in a bid to promote the career of certain Serbian generals were officially denied last year.

President Tito himself admitted earlier this year to the existence of "differences and misunderstandings" which had nothing to do with politics. Jovanka remained his wife, living at his residence in Belgrade, he said.

Since June 1977, however, telegrams and condolences or congratulations sent by the President no longer began with the customary "Jovanka and I" According to one Belgrade report, the marriage, President Tito's third, was dissolved on June 25 last year.

The latest turn in the curious case of Jovanka Broz comes at a time of new and mysterious personal shifts in the small group of officials surrounding the President. Sensational speculation about Mrs. Tito's involvement in plots have been discounted generally, but as President Tito grew older, Jovanka become more and more a trusted confidante, controlling access to him and having the capacity to make or destroy a man's career.

The affair also had a national angle in the multinational federation of Yugoslavia. Jovanka is a Serb from Croatia and the seven generals sent into retirement or shifted to diplomatic posts last year also happened to have been Serbs from the region where Jovanka was born.

The Bosnian party chief, Mr. Branko Mikulic, was the only top official to comment publicly on the affair of the "missing Jovanka" at a news conference in Sarajevo a year ago. Answering the probing questions of foreign journalists, Mr. Mikulic branded the rumours as "immoral and incorrect speculation" and referred to a former statement issued by the Yugoslav Foreign Ministry which condemned "false and tendentious" reports "based on evil informations."

In the meantime, Mr. Mikulic has himself become the subject of intense speculation. In a surprising development, the 24-member party presidium last month decided that Mr. Mikulic a Croat, should preside at the presidium's session and should execute other functions as agreed with the party president, when the latter is prevented from doing so.

The appointment as acting party chief of Mr. Mikulic, who has made his entire political career in the state and party apparatus of Bosnia, came as a surprise to insiders and to the public. For the past seven years, the 53-year-old secretary of the party presidium, Mr. Stane Dolanc has acted as the number two party spokesman after President Tito.

Almost a year ago already persistent rumours circulated in Belgrade that the energetic Croat would take over as head of a newly-created executive secretariat. But at the party congress he merely entered the presidium, not receiving executive functions and losing his direct hold over the Bosnian party.

Thus, at the very least, his sudden promotion to a number two position in the party hierarchy, albeit only for a year, means a blow to the personal ambitions of the genial, dynamic and flexible Mr Dolanc.

This able and pragmatic politician has no real power base. The grave illness of Mr. Edvard Kardelj (68), the oldest and closest associate of President Tito, who is also a Slovene, has thrown even the short-term succession wide open.

One of Yugoslavia's ablest, most popular and outward-looking politicians, Macedonian Kiro Gligorov (60) has also virtually disappeared from the political scene.

Through two major speeches last week, Mr. Dolanc gave notice that he is still very much in the centre of political action. But Mr. Mikulic appears to enjoy the support of General Franjo Herljevic, the powerful Minister of the Interior, also Croat from Bosnia, and that of General Nikola Ljubicic who thanks to President Tito's special favour, has been Minister of Defence since 1967, regardless of the rotation of all other leading office holders.

All the top politicians in the circle around the President are unswervingly loyal and dedicated to maintaining the country's independent non-aligned status. Nevertheless, in the eve of the post-Tito era the balance of forces has clearly shifted in the favour of the "no-nonsense advocates" of law and order who instinctively prefer discipline and central direction to daring experiment in self-management and economic liberalism.

# Moscow ends China lull

BY ROGER BOYES

THE SOVIET UNION yesterday marked the 61st anniversary of the Bolshevik revolution with a sharp attack on the Chinese leadership, accusing Peking of posing a serious danger to world peace.

Marshal Dmitri Ustinov, the Soviet Defence Minister, in a speech broadcast throughout the Soviet Union, denounced China's attempts to forge links with Western countries. Addressing crowds in Red Square before the traditional anniversary parade of Communist Party workers, troops and military vehicles, Marshal Ustinov said that China was pursuing "hegemonistic" and great power ambitions.

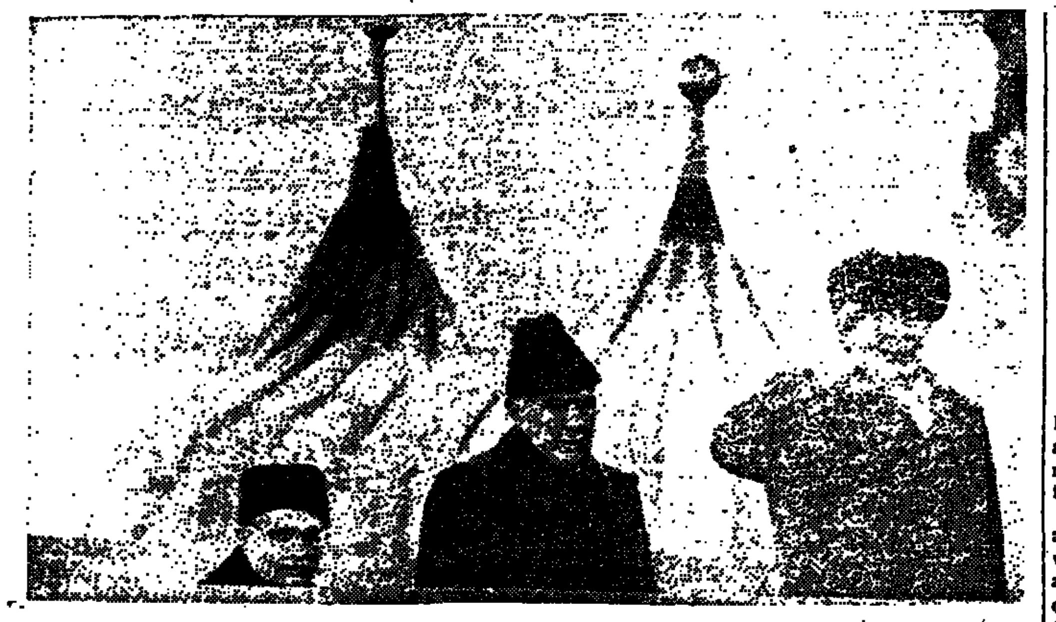
The speech signified a resumption of Soviet criticism of Peking after almost two months of comparative restraint. Western analysts have suggested that the lull might have occurred because the Kremlin needed time to evaluate the full implications of the Chinese-Japanese peace treaty, which Moscow vehemently opposes, or because the Soviet leaders were concentrating on reaching a strategic arms accord with the U.S.

Marshal Ustinov's words appear to have been prompted by China's active Asian policy and, specifically, by the current visit to Cambodia of Mr. Wang Tung-hsing, the Chinese Communist Party vice-chairman. Mr. Wang has promised China's support to Cambodia in its border war with Vietnam.

As if to underline Soviet backing for Hanoi, the Politburo yesterday took the unusual step of inviting Mr. Le Duan, the Vietnamese Communist Party leader, and Mr. Pham Van Dong, the Prime Minister, to join them on the saluting stand on Lenin's mausoleum.

Although Mr. Leonid Brezhnev, the Soviet President, clearly dominated yesterday's parade—giant portraits of him were carried in the marchpast—it is clear that Marshal Ustinov is coming increasingly to the fore in the Politburo

● Soviet leaders (right) ascend Lenin's tomb to review the parade in Red Square. In descending order of stature are Leonid Brezhnev, Alexei Kosygin and Mikhail Suslov.



# Brussels pressure for job sharing

BY GILES MERRITT

BRUSSELS, Nov. 7.

EUROPEAN trade union leaders are preparing to push for far-reaching work-sharing measures in talks at Brussels on Thursday.

Their demands are centred on a 10 per cent reduction in hours without loss of pay, to be adopted by employers throughout the EEC "in the near future." Details of the measures envisaged are far from clear, but the principle of work redistribution has firm backing from inside the EEC Commission.

The forum for the union proposals is the tripartite conference, which groups union representatives, employer organisations and member Governments. The talks are the fourth since the framework of the tripartite conference was set up at West Germany's instigation in 1975.

The talks will be taking place against the background of new Commission research into EEC unemployment. This suggests that, in addition to the Community's jobless total of almost 6m, there is hidden unemployment totalling 3m. It is forecast that by 1985 a further 7m people will have come on to the EEC labour market.

The importance of work-sharing as a means of combating present and future unemployment was underlined in March by the standing committee on employment, when employer representatives gave their assent to the conclusion that the device should be given priority. Commission officials have subsequently mounted a study of work-sharing techniques, and will be backing its increased use.

The Commission's working paper says that while it is aware of the costs, risks and limits of such measures, they should be considered in relation to the much more serious costs and risks inherent in unemployment.

But officials are wary of union demands for a substantial cut in working hours without loss of earnings. They point out that over the last 50 years, there has been an average yearly reduction in working hours of 1 per cent. A 10 per cent cutback as advocated by the European Trade Union Confederation would not be feasible over a shorter time scale than five years.

The tripartite conference agenda also includes such questions as service sector employment and the relationship between investment and jobs. But Commission officials think that in spite of the conference's rather formal and unwieldly framework, there could be an acrimonious debate on the work-sharing issue. They hope, nevertheless, that the result will be a resolution directing the Commission to further work on the matter.

# Kreisky still undisputed leader despite defeat in nuclear poll

BY OUR OWN CORRESPONDENT VIENNA, Nov. 7.

IN A SURPRISING political development, Chancellor Bruno Kreisky, instead of resigning from his post, has emerged as the undisputed leader of the ruling Socialist Party.

Following the Government's narrow defeat at Sunday's nuclear referendum, the Socialist leadership last night gave Mr. Kreisky greater executive powers and unanimously expressed confidence in his leadership. Previously, the Chancellor had taken full personal responsibility for the idea and the defeat at the referendum over the commissioning of the Zwentendorf nuclear plant.

However, the Party's executive committee said that it was a collective decision and therefore the Chancellor cannot be regarded as solely responsible.

The Mayor of Vienna, Mr. Leopold Gratz commented: "Austria needs Kreisky more urgently than a nuclear plant." The Socialists were clearly convinced that without Dr. Kreisky at the helm they would lose the general elections in October next year.

However, the Chancellor demanded full powers as a condition for not resigning. It is now widely expected that he will carry out a government reshuffle. Above all, he believes the Party must regain the confidence of the young generation.

As an Austrian paper put it today, the Socialists have now staked everything on the personality of Dr. Kreisky.

Meanwhile the operating company of the nuclear plant at Zwentendorf, which has been erected at a cost of Sch 8bn (£280m) is not expected to make a decision about a future course of action before mid-December. The company, called GTK has a basic capital of Sch 300m.

The plant already built costs Sch 1.5m (£41,000) daily to maintain. The cost of replacing the energy the plant would have produced is put at Sch 1bn (£27m) per annum. The company must also decide the fate of the fuel already stored at Zwentendorf worth Sch 500m (£14.9m) and the uranium stored in France and West Germany.

The partners must also do something about the reprocessing arrangements concluded with the French company, Cogema which would involve costs to the tune of Sch 2.2bn (£60m) by 1990. Steewag, the utility company which has a 10 per cent interest in GTK yesterday called for an increase of the electricity charges.

Verbundgesellschaft, the state electricity corporation in Styria where the nuclear plant was sited has a 50 per cent interest in the GTK, while the rest is held by seven regional utility companies.

The Federation of Austrian industrialists yesterday reaffirmed that Austria's demand for power cannot be satisfied in the long run without nuclear energy.

# Dutch party chief quits in SS row

By Charles Batchelor

THE HAGUE, Nov. 7.

THE PARLIAMENTARY leader of Holland's main Government party, the Christian Democrats, today announced his resignation as party leader and as an MP after the publication of a report about his wartime past.

Mr. Willem Aantjes, aged 55, admitted joining the SS in Germany in 1944 but said his motive was to be posted back to Holland from where he planned to escape and join the Allies.

Details of Mr. Aantjes' wartime activities were disclosed in a report published yesterday by the Institute for War Documentation. The institute began a study only a week ago after receiving new information.

Mr. Aantjes volunteered to join the SS in the autumn of 1944 when he was working as a conscripted labourer in Germany. After refusing to carry out police work for the SS in Holland, he was sent to a labour camp in Assen where he worked for the camp administration, the institute said.

At a Press conference today Mr. Aantjes said he volunteered for the SS solely to be able to return to Holland, from where he planned to escape. He was transferred to a labour camp as a prisoner and later worked as an interpreter and administrator. He denied ever having been a camp guard.

Mr. Aantjes' resignation is a serious loss to the Christian Democratic Party at a time when they are faced with severe internal pressures. Formed only last year it consists of one Catholic and two Protestant parties including Mr. Aantjes' Anti-Revolutionary Party.

Opposition by radical Christian Democratic MPs to the conservative course being followed by the party now that it is in coalition with the Right-wing Liberals led to the resignation earlier this month of another senior party member, Mr. Jaap Boersma. No successor has yet been appointed to Mr. Aantjes.

# Paris to join NATO information network

BY ROBERT MAUTHNER PARIS, Nov. 7.

FRANCE, WHICH is a member of the Atlantic Alliance but not of NATO's integrated military command, will be linked with the organisation's special communications system for rapid political consultations from 1979 onwards.

This was disclosed in a report drawn up on behalf of the finance committee of the French National Assembly, which is today discussing next year's defence budget.

France's participation in the NATO-wide communications network, which uses satellites and a tropospheric scatter system as well as landlines, may provoke further complaints from the Gaullists and Communists that the Government is surreptitiously cooperating more closely with NATO.

The French are cooperating already in a NATO air decence network, based on ground radar stations, and are examining further collaborative projects as they come up.

While stressing that the communications network which the French are joining is not part of NATO's integrated military organisation, the report said that it would facilitate rapid exchanges of information between governments about their policies and decisions and would enable them to consult with each other in times of crisis.

The system was set up at the time of the transfer of NATO headquarters from France to Belgium in 1967 and operates round-the-clock. Apart from a sophisticated telecommunications network, it also consists of a computer centre which processes political, military and economic data provided by the member countries.

# Germany plans Army changes

BY JONATHAN CARR BONN, Nov. 7.

Herr Hans Apel, the West German Defence Minister, today unveiled plans for a new army structure, which, he said, would greatly increase defence strength at little extra cost.

Under the plans, army strength will be increased from 33 to 36 brigades, combat units will be somewhat smaller and more flexible and greater use will be made of the potential of trained reservists.

The object is to increase the army's capacity for forward defence—engaging the attacker as soon as aggression occurs and holding the line if necessary until the United States can bring reinforcements to Europe.

The ability to fulfil the forward defence doctrine is of crucial importance to West Germany—a narrow country bordering the Warsaw Pact bloc and which in the event of invasion could not afford to "trade territory for time."

Herr Apel stressed that he had given details of the new army structure to Gen. Alexander Haig, the Supreme Commander of Allied Forces in Europe, who had said he was "very satisfied."

However, the scheme now outlined is a long way from the highly ambitious reorganisation of the armed forces being planned when Herr Apel moved to the Defence Ministry from Finance in February.

Herr Apel decided, mainly on cost grounds, to rule out plans for a new brigade structure—which would have cost around DM1bn (£276m) to implement—and to block creation of a central agency to coordinate support operations for all three services.

Instead, the new structure will involve personnel costs estimated at only DM 50m annually for an additional 3,000 army jobs. A further DM 300m will be needed for one-off infrastructure costs, the sum to be spread over five to six years.

The Cabinet, and in particular Herr Hans Matthoefer, the Finance Minister, still has to approve the plans and their costing. This is expected shortly. But Herr Apel made it clear that he realised that the additional expenditure involved here would make it harder for the Defence Ministry to gain funds for other projects.

**A QUESTION mark hung over the future of the Franco-West German military Alpha jet today, following the disclosure that Luftwaffe pilots have been banned from using the aircraft unless its cockpit is modified, our Bonn correspondent writes. The Luftwaffe has ordered a total of 175 of the aircraft at a cost of DM 3.5bn with delivery early next year. The jet is intended to replace the Fiat G-91 both as a trainer and a combat aircraft. The Defence Ministry today confirmed reports that construction of the cockpit made it unsafe for Luftwaffe pilots to use their ejector seats when flying at high speed.**

# Ireland may receive soft loan for joining the EMS

BY STEWART DALBY DUBLIN, Nov. 7.

DESPITE having won the French approval of his request for financial aid in return for joining the European monetary system (EMS), Dr. George Colley, the Irish Finance Minister, is unlikely to be able to convince the West Germans that Ireland should receive £650m in grant aid when he visits Bonn on Thursday. Ireland may have to accept the aid in loan form instead.

Belief is hardening in Dublin that the EEC Economic Policy Committee, which started "concurrent studies" on the EMS at the time of the Bremen summit last July, will not make a clear recommendation to the December 20 Finance Ministers' meeting that the weaker EEC economies should receive a transfer of resources in return for joining the new system.

Ireland has asked for £650m to be transferred from the stronger EEC countries to tide it over a five-year transitional period. The money would be spent on infra-structural projects, like roads and telecommunications, as well as on balance of payments aid. Dr. Colley said that he had received positive assurances from M. Rene Monory, the French Finance Minister who visited Dublin this week, that France would support this request for aid.

Irish officials have been at pains to point out that the Economic Policy Committee is a bureaucratic one and the decision on aid can only be taken by Heads of Government. Nevertheless, it is clear that Dr. Colley is viewing his visit to Bonn (where he will meet Count Otto Lambsdorff, the Economics Minister and Mr. Hans Matthoefer, the Finance Minister) as critical.

The French, although they back the idea of aid for the weaker economies, do not necessarily believe that the aid should be in grant form. Dr. Colley might, therefore, find himself discussing the idea of a low interest soft loan from the West Germans when he visits Bonn. He has, however, denied that Ireland has already received an offer of a 2½ per cent loan of more than £650m.

One theory that is agthering strength in Dublin financial circles is that the French and Germans are trying to win round the weaker EEC economies one by one. First Italy was offered a wider margin for its currency within the EMS than the initial 2.25 per cent band. Ireland, which feels that its currency is a strong one, is not niterested in a wider band, but it does want financial assistance. West Germany may, therefore, try to persuade Ireland to accept the aid in loan form, while conforming to the wider principle of transfer resources within the EEC.

# Danish sea gas report disputed

COPENHAGEN, Nov. 7.

MR. GERHARD JENSEN, director of the Danish state oil and natural gas company, today rejected a report questioning the economic viability of landing North Sea gas in Denmark.

A recently-published report from the Economic Institute of Aarhus University said that bringing North Sea gas from the Danish sector to Denmark would result in losses of several billion krone.

Mr. Jensen said the report's authors were misled by documents and accounts that were made public.

He said the company is sector negotiating with A. P. Moeller, the sole concession holder in the Danish sector. For this reason the company is unwilling to comment on details of the report that says a gas price significantly above DKr 0.40 per cubic metre would be highly uneconomic.

The report said that Danish North Sea gas at such price levels would be unprofitable irrespective of the size of the gas fields or future oil prices.

Reuter

# Havel to speak for Charter 77

VIENNA, Nov. 7.

DISSIDENT Czechoslovak playwright Mr. Vaclac Havel, who faces a possible prison term under a suspended centence, was named today as a spokesman for the Charter 77 human rights movement.

Mr. Havel will stand in until a replacement is found for Mrs. Maria Kubisova, a former singer, who resigned on health grounds as one of three Charter spokesmen last month.

The announcement was made by the Czech dissident group in statements given to journalists in Vienna and Prague.

Mr. Havel (42), served as a Charter spokesman for one and a half years until May last year, when he pledged to stop making political statements after being held in prison for four months. Last October, he was given a 14-month suspended sentence on subversion charges.

The Charter movement said Mr. Havel and Professor Ladislav Hejdanek, another spokesman, would issue statements for the time being. The third spokesman, Mr. Jaroslav Sabata, is under arrest on assault charges.

Reuter

# Lisbon Socialist leader on trial

BY JIMMY BURNS LISBON, Nov. 7

THE FLAGGING strength of Portugal's Socialist Party will be further strained when one of its leading members goes on trial to-day charged with "illegal possession and transport of weapons."

Sr. Edmundo Pedro, the former Chairman of Portugal's state-owned television network and a member of the Socialist Party's national directorate, was elected last January. At the same time police swooped on a suspected ring of smugglers and Sr Pedro was arrested. Sr. Pedro, backed by fellow party leaders, including Sr Mario Soares, former Prime Minister, has consistently declared his innocence claiming that the weapons found in his possession at the time of his arrest (33 G3 rifles) were handed to him in 1975 by army officers. This has been confirmed by the army high command which claims that the arms were distributed to civilians in that year to defend against "totalitarian forces threatening Portuguese democracy."

The Socialist Party is only beginning to pick up the pieces following its abrupt fall from government in July, and the subsequent clash with President Ramalho Eanes. The Party's public image has not been helped by recent manifestations of its internal division, such as the resignation from the Party of two former Socialist ministers: Sr. Jose Medeiros Ferreira and Sr. Alvaro Barreto.

Meanwhile, there are still no clear indications as to when Sr. Mota Pinto, Portugal's Prime Minister designate will finally form his government. Sr. Mota Pinto is continuing to meet political "independents" and party members in an attempt to form an administration capable of avoiding early elections.

● Britain and Portugal today exchanged notes at the Finance Ministry in Lisbon putting into effect a £5m loan for Portuguese agricultural development projects, Reuter reports.

The loan is repayable over 25 years at 6 per cent interest, with a three-year grace period, and will be spent on British goods and services. Signature of the agreement comes a week before Portuguese President Antonio Ramalho Eanes begins a three-day official visit to Britain.

# Belgian jobless rise

Belgian unemployment rose to 279,900, or 6.9 per cent of the working population, in October from 268,600, or 6.6 per cent, in September and 272,600 or 6.8 per cent a year ago an Employment Department spokesman told Reuter in Brussels.

# Wealth imbalances studied

BY OUR OWN CORRESPONDENT BRUSSELS, Nov. 7

EEC Finance Ministers are to consider in Brussels later this month a detailed analysis of the ways in which imbalances in the wealth of member countries, and anomalies in their contributions to the Community budget, could prejudice the effects of the proposed European Monetary System (EMS).

The analysis follows talks here between senior officials, grouped in the Community's economic policy committee, on the "concurrent studies" for strengthening weaker EEC economies that Mr. James Callaghan, the UK Prime Minister, demanded at last July's Bremen summit as an adjunct to the EMS proposals.

British officials attending this week's economic policy committee meeting are understood to have taken the opportunity of clarifying aspects of Britain's reservations about EMS—notably the need to extend its scope to iron out economic imbalances. The committee's report to the Finance Council is expected to reflect fresh UK proposals.

It appears, however, that some of the issues on which the concurrent studies were to have concentrated—such as the criteria by which relative national wealth should be measured—were not settled at the economic policy committee's meeting.

# Scheel visit prompts mixed feelings in Australia and New Zealand

BY JONATHAN CARR, RECENTLY IN WELLINGTON

PRESIDENT WALTER Scheel of West Germany made his point politely. The time had come, he said, when relations between Europe on the one hand and Australia and New Zealand on the other could no longer be left solely "in the capable hands of the British."

He made the comment near Wellington, New Zealand, at what looked like a peculiarly British occasion — a garden party at which pouring rain spattered guests in a leaky marquee. Most of those present applauded, but one academic could not resist a pointed rejoinder: the connection with the "motherland" had dwindled when Britain joined the Community; neither Bonn nor Brussels (and least of all Paris) was capable of filling the gap. The result had been not so much a change in relations as the emergence of a vacuum.

Similar comments were to be heard throughout Herr Scheel's trip—the first official visit to both Australia and New Zealand by a head of state from the Federal Republic of Germany. That does not imply that the visit was not a personal success. But it served to underline the constraints under which West Germany, for historical reasons, operates abroad. And it showed that membership of the European Community is not a helpful visiting card in a part of the world hard hit by the Common Agriculture Policy (CAP).

For all West Germany's economic strength and potential as a partner (a potential to be probed in greater detail when a German industrial delegation visits Australia and New Zealand next March), memories of World War II are still strong in both countries. Herr Scheel hardly turned a hair when reminded by one speaker of the excellence of the late Field Marshal Erwin Rommel and the Afrika Korps, against whom many New Zealanders had fought. The remark was meant as a tribute to a leader of courage and the President took it as such. But for every such public comment about war years, there were several private, ironic and sometimes bitter remarks.

The fact is that the spectacle of a powerful German delegation descending from a Luftwaffe jet, and the sound of the German national anthem at one ceremony after another awakened, at best, mixed feelings in both countries.

In this unpromising situation Herr Scheel was an enormous asset to the Federal Republic. For the crowds, he looks like everyone's benevolent uncle — smiling, lively, kissing models at a fashion show (then removing his spectacles and kissing them again), joining in a traditional dance, showing interest in everything from sheep-shearing to local art.

That is only half the picture. The steel showed in Australia when Herr Scheel publicly rejected the view of some local media that West Germany indulged in police state methods. And when it came to detailed economic and strategic talks—as it often did in both countries—Herr Scheel appeared to have taken on the role of honorary roving Foreign and Defence Minister.

This has its dangers, for the President is above the Government and the political parties. But Herr Scheel, who was Foreign Minister until 1974, seems able to go to the very limits of what is constitutionally permissible without stepping beyond. Neither country can be in any doubt about the President's views on a whole range of policy matters, and both can be sure that their own attitudes have been well understood.

Both countries have similar points to make. They insist there is an inseparable link between agriculture policy, economic policy and strategic matters—and feel that the link has not been widely recognised in the Community.

The CAP has meant not only that their agricultural exports have been progressively shut out of European markets—but that they also are being driven away from some third markets by the Community's subsidised exports of surplus farm production. This weakens the economic position of both countries—which remain highly dependent on agricultural exports despite continuing efforts to diversify.

That, in turn, must harm the role both can play in creating stability in the South-East Asian and South Pacific region, a factor of importance for the community as the world's biggest trading group.

The focus of each country is rather different. Australia looks particularly towards the member states of the Associaton of South-East Asian Nations, and is ready to make economic concessions to them to help preserve an area of stability between itself and the Asian mainland. New Zealand has had, and still feels, a special responsibility towards the newly independent islands of the South Pacific.

The special nightmare of the area is of a Great Power struggle for influence there—of which there are already some signs. The best way to avoid it, it is claimed, is to strengthen the economic base of the new nations and foster links between them and the key democratic states of the region.

New Zealand points out that this idea seems to be implicitly recognised through the European Community's Lome accord, under which several Pacific states receive assistance. But at the same time the CAP functions in such a way as to weaken New Zealand's economy, and reduce the level of aid it can provide in the same Pacific region.

While each country insists that it wants an alteration of the CAP "at the margin," and not a change in its basic principles, the tone in which this point is made differs markedly—a fact clearly registered by the German side.

The New Zealanders appeal is aimed strongly at reason and fairness—"Would it not be possible for the Community to alter slightly and co-ordinate rather better its policies towards this region?" The Australians are blunter and while they insist they are making no threats, they constantly convey the impression that they are doing so.

Mr. Vic Garland, the Minister for Special Trade Matters, told reporters travelling with Mr. Scheel that if the Geneva multilateral trade talks brought nothing on agriculture then Australia would go back to the European Commission in Brussels with its demands. If it still got nowhere, then Australia would have to review the whole of its trading policy.

He declined to disclose what this might imply—though he stressed that at least negotiations with the U.S. and Japan, though difficult, got somewhere, whereas those with the European Community seemed to make no progress at all.

The danger is clear enough: of a progressive estrangement between two areas of the world which, in many respects, are natural allies and have complementary interests.

There is good reason to think that the danger was understood by the West Germans in Australia and New Zealand. The question is whether that comprehension will translate itself into stronger advocacy of the case of both countries by Bonn within the European Community. And even if it does, will that mean that Community policy in this respect will actually change? Both countries appear hopeful that it may—but are far from convinced that it will.

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## OVERSEAS NEWS

# Shell and BP notify Japan of cutback in oil supplies

BY YOKO SHIBATA

TOKYO, Nov. 7.

BOTH Royal Dutch Shell and British Petroleum have notified Japanese refiners of a 50 per cent cutback in Iranian crude oil and a 20 per cent reduction in their total oil supply in the current October-December quarter as a result of political unrest in Iran, the Ministry of International Trade and Industry (MITI) said today.

However, the Ministry has not made it clear whether or not this is the final notification, since both oil companies originally said they would have to reduce their Iranian crude oil supply to Japan by at least 10 per cent in the current quarter.

Japan imports 40.5m tonnes of Iranian light oil a year, accounting for 17 per cent of Japan's total oil imports, of which about 17m tonnes are supplied by Royal Dutch Shell and British Petroleum.

Other oil suppliers such as National Iranian Oil Company (NIOC), Gulf and Texaco have given similar notification, which can be interpreted as an exercise of force majeure clauses.

The Agency of Natural Resources and Energy said that the impact of the cutback of Iranian oil would not be felt until December, because 31 out of 37 tankers which went to Iran in October would travel back from Iran with their loads.

Thus MITI and the agency consider it possible for Japan to ride out the shortfall in oil supplies at least in the short term, since Japanese private oil refiners have built up relatively high oil stockpiles in anticipation of another oil price increase at next month's meeting in Abu Dhabi of the Organisation of Petroleum Exporting Countries (OPEC).

● Reuter reports from Tehran: Iranian oil production today was between 1.3m and 1.5m barrels against normal output of 5.8m barrels, a National Iranian Oil Company spokesman said. Exports are less than 1m barrels a day (b/d) as the political strike by most of the industry's 37,000 workers entered its seventh day. Industry sources estimate the strike has so far cost the country around $400m in lost production and exports.

In Kuwait, Sheikh Ali Khalifa Al Sabah, president of OPEC predicted that the cut-off of Iranian oil would not affect the world's oil supply.

In an interview with Kuwait's daily newspaper Al-Anbaa, he said: "Industrialised states can use their strategic stockpiles to compensate for their reduced imports from Iran, until the Iranian production returns to its normal level of about 5m b/d."

Consequently, Kuwait would not increase its own daily output of 2m barrels, said Sheikh Khalifa, who is Kuwait's Oil Minister. Kuwait's maximum capacity is about 3m b/d.

● In Baghdad, Mr. Tayeh Abdul-Karim, Iraqi Oil Minister, said on Tuesday that OPEC member states were now unanimous in their desire to increase oil prices in the new year. But his country would not be satisfied with a "symbolic" rise of about 5 per cent. This percentage is believed to be favoured by Saudi Arabia, the world's largest oil exporter and the most influential OPEC member.

Answering reporters' questions, Mr. Abdul-Karim said he was convinced that the "positive" atmosphere among Arab states generated by the Baghdad summit conference, which ended two days ago, was likely to lead to agreement at OPEC's next price-fixing meeting.

# Whites hurt in Zambian race violence

By Michael Holman

LUSAKA, Nov. 7.

MOBS OF up to 100-strong attacked and molested white passers-by in Lusaka's city centre on at least four occasions today as rumours that Rhodesian "agents" were at large spilt over into violence.

Representatives of the British and Swedish diplomatic missions, whose nationals are reported to have been involved, lodged a protest this afternoon at the Ministry of Foreign Affairs and were assured that the Government would take action to prevent further attacks.

Rumours that Rhodesian forces in disguise are operating in Lusaka following recent bombing raids on Zimbabwe African Peoples Union (ZAPU) installations near Lusaka and elsewhere in Zambia have led to considerable tension.

Two incidents led to bloodshed. In one, a single white man was left bleeding from the head and face, and in another two men were similarly beaten. The attacks took place this morning at various points on Cairo Road, the city's main street.

Both the Zambian Government and diplomats are concerned that the violence will raise the already worrying rate at which skilled whites, particularly on the country's vital copper mines, are leaving the country.

Between 30,000 and 40,000 whites, including families, live in Zambia in an atmosphere which until now has been remarkably free of racial stress. The copper mines employ nearly 4,000—500 below requirements—and the majority of the rest work on contract terms for state-owned companies which, together with the mines, dominate the country's economy.

# Tanzania moves troops to Uganda border

BY OUR OWN CORRESPONDENT

NAIROBI, Nov. 7.

TANZANIA HAS moved between 8,000 and 10,000 troops to the area west of Lake Victoria, ready for a push against the 3,000 Ugandan troops now dug in along the line of the Kagera River which Kampala claims is now the border between the two countries.

The Ugandans say they are prepared for possible Tanzanian counter-attacks, which they are "confident of repulsing" and warn that they would strike deep in Tanzania in retaliation.

Military officials in East Africa say the Ugandans are in a strong strategic position, as the Kagera River is a formidable obstacle. While Uganda has Soviet bridging equipment which could be used for a river crossing, the Tanzanians, operating at the end of lengthy lines of communication, lack such equipment.

Diplomatic efforts to solve the dispute are continuing. President Idi Amin says he is ready to accept mediation from the Organisation of African Unity or from Libya, but Tanzania insists that its only aim is to drive the Ugandans out of the 710 square miles of land they now occupy.

● Reuter reports from Brussels: Angola has mobilised a 200,000 strong militia force as well as its standing army to meet the threat of South African aggression, Mr. Luis de Almeida, the Angolan Ambassador to Belgium, said here today. He told a news conference that Angola would also call on Cuba and other friendly countries for aid if necessary.

Angola, he said, had shown its desire for peace by freeing South African prisoners of war and strengthening ties with neighbouring Zaire. But South Africa had increased its reconnaissance flights over Angola and ordered military equipment for use in the Kalahari desert spanning Angola's southern border with South African-administered Namibia (South West Africa), he added.

Mr. de Almeida said that between 25,000 and 50,000 South African troops were stationed in northern Namibia.

● Quentin Peel adds from Johannesburg: The South African Defence Force said to-day that South Africa "had no fight to pick with its neighbours and meant no aggression against any other state." A spokesman said that South African troops were on the country's borders only to defend them, and to guard the local population against "terrorism."

While the statement ruled out suggestions of action against Angola itself, it did not exclude the possibility of "hot pursuit" raids against guerilla camps inside that country.

Military officials in Namibia have said that guerilla activity in the northern border area has built up steadily since the last major South African raid on guerilla bases of the South West Africa People's Organisation (SWAPO) in May.

MALAYSIA

# University plans stir racial tension

BY WONG SULONG IN KUALA LUMPUR

A SQUABBLE over seemingly innocuous proposals to set up a private Chinese University here has become the focus of new tension over the most explosive issue in Malaysia—communal relations between Malays and Chinese.

The Malays and other indigenous groups form 56 per cent of Malaysia's 12.9m population, and dominate political life, while the Chinese constitute 35 per cent of the population, and hold key positions in trade and industry.

Much more is at stake than just a private university. The whole education system, developed in the 21 years since independence is being questioned and because it decides allocation of jobs and power between the Malays and the Chinese.

Extremists on both sides are exploiting the issue to show their strength, and this has put the moderate Prime Minister, Datuk Hussein Onn, in a delicate position. Any miscalculation could trigger off racial violence and shatter the investment climate.

Foreign investors are watching closely how the communal struggle develops. "Ultimately," says a U.S. banker, "whether or not foreign investments are coming to Malaysia, will depend on whether or not there is communal peace."

The Government had remained vague about its attitude towards the Merdeka University, until it was recently forced to take a stand when the university sponsors petitioned the king to set up the institution.

The Government's rejection was announced by Musa Hitam, Education Minister, and one of the most prominent figures in the Cabinet, at the General Assembly of the ruling United Malays National Organisation (UMNO), in September.

The authorities were rudely jolted by the strength of the hostile reaction to their decision from all sections of the Chinese community.

**MR. LIM KIT SIANG, the Malaysian opposition leader, was to-day found guilty on charges under the official secrets act. The convictions could lose him his seat in Parliament, our correspondent writes from Kuala Lumpur.**

**However, the judge rejected the prosecution's request for a jail sentence, and instead fined him a total of 15,000 ringgits (£3,400).**

**Mr. Lim, 37, the Secretary-General of the Opposition Democratic Action Party, was found guilty on all five charges of divulging classified information regarding the Government's purchase of four fast missile boats from a Swedish firm.**

The Malays regard the establishment of the Merdeka University as a threat to what they have fought for—the supremacy of the Malay language and its use as a medium of instruction. Any government which set up such a university would run the risk of being overthrown.

Why do the Chinese, who are such a pragmatic people, continue to play this dangerous confrontation with the Malays, when they know they cannot win?

Undeniably, there are some who sincerely feel there is a need for a Chinese university, and there are others who genuinely believe they can get one if they push hard enough. But the great bulk of the Chinese population support the university because they are frustrated, and insecure about their children's future.

Just as Chinese businessmen have singled out the Industrial Co-ordination Act (which effectively promotes increasing Malay control over the private sector) to vent their frustrations over the Government's restrictions on their business activities, the Chinese community seeks to crystalise all their fears behind the Merdeka University.

There are many Chinese, especially those who are English educated, who realise that they are unlikely to benefit much from a university which teaches in the Chinese language.

But seeing places in the five Government universities, and overseas institutions of higher learning being increasingly shut off to them, they feel they have had to throw in their lot with the Merdeka University sponsors.

Between 1971 and 1975, the number of places in tertiary education in Malaysia rose from 13,324 to 31,529. Within that period, the Malay share of those places (through the use of quotas) shot up from 9.7 per cent to 65 per cent, the Chinese share fell from 42.7 per cent to 31 per cent, and the Indian share from 5 to 3.3 per cent.

The Malays argue they have been left behind for so long that they need protection. They feel they will never be able to catch up with the Chinese if the Chinese are allowed to do what they want.

Education is the most effective way of getting the Malays out of the rut, and they feel the Chinese must make sacrifices for the sake of communal harmony.

Most Chinese, whether they like it or not, have come round to accept special privileges for the Malays in education, employment, business opportunities and promotions, but the manner in which these matters are being implemented arouses their resentment.

Throughout the current outburst of emotions and politicking over the university issue probably the most thoughtful arguments have come from Aliran, an educational research organisation.

Arguing against the setting up of the Merdeka University, the Aliran's president, Dr. Chandra Muzafar, in a lengthy letter, in the press, suggested that the system of racial quotas for university admissions be replaced.

He proposed a system which would give weight to groups that are socially, economically, and environmentally disadvantaged, while apportioning recognition to academic qualifications.

How strong the Merdeka issue is among the Chinese will be tested next month in a by-election for a predominantly Chinese seat in the penang state assembly.

The Merdeka university issue could also be exploited by the communists to create racial strife, or Koumintang (KMT) Party supporters to sour Malaysian ties with Peking.

# Concern over Egypt investment

BY IHSAN HIJAZI

BEIRUT, Nov. 7.

SAUDI ARABIA and other Arab states in the Gulf are worried about their large investments in Egypt, quoting this anxiety as a main reason for their reluctance to break completely with President Anwar Sadat.

Crown Prince Fahd was reported in the Press here today to have told the recent Arab summit conference in Baghdad that Egypt might confiscate Arab investment in the event of a total break. He reportedly advised flexibility on this matter, and was said to have expressed particular concern about the Arab Organisation for Industries which Saudi Arabia has established in Egypt with participation by Qatar and the United Arab Emirates.

Set up in 1974 with an initial capital of $1.1bn, the organisation has already embarked on multi-million dollar projects for manufacturing weapons.

Saudi Arabia is also involved with Kuwait, Abu Dhabi and Qatar in the Gulf Organisation for Development of Egypt (GODE). This has been providing the Egyptian Government with assistance to carry over the country's economy until 1980, the year President Sadat has set for securing self-sufficiency. GODE has given Egypt $2bn in soft credit and loans.

A Kuwait newspaper yesterday quoted responsible sources as saying that Saudi and Kuwaiti officials will meet soon to consider their investment in Egypt in the light of the likely repercussions of an Egyptian-Israeli peace treaty.

# Weizman attacks critics

BY DAVID LENNON

JERUSALEM, Nov. 7.

MR. EZER WEIZMAN, the Israeli Defence Minister, today accused his Cabinet colleagues of taking a negative attitude towards the prospect of peace agreement with Egypt, and behaving as though it were a calamity.

The Minister left for Washington this morning to rejoin the peace talks after spending two days reporting to the Government on the progress in the negotiations and receiving new guidelines.

Speaking at Ben Gurion Airport he said: "The atmosphere I found in Israel in the last few days is as if a peace calamity is on the way."

Mr. Weizman said that during Sunday's and Monday's Cabinet meetings Ministers were more apprehensive about the very prospect of reaching a peace agreement with Egypt than concerned about specific clauses.

The local Press reported that the Cabinet meeting had been very stormy and that at one point Mr. Weizman had suggested they send someone else to negotiate.

The Minister said this morning: "The moment of truth is arriving very fast and I think it is time the politicians, my colleagues, start telling the people the good and the bad things (about the peace agreement), especially the good."

Mr. Weizman said he believed that peace would be a positive change for Israel after three decades of war, but he appeared to doubt that all the Ministers shared this view.

# China protests to Vietnam

CHINA TODAY lodged a strong protest with Vietnam over an incident last week when Hanoi troops allegedly machine-gunned Chinese villagers, wounding 12, then kidnapped and murdered six others.

Peking has rejected a Vietnamese protest note concerning the same incident, which happened on November 1.

Official sources said the Chinese regarded the incident as the most serious along their border since 160,000 ethnic Chinese, alleging maltreatment, left Vietnam a year ago.

China's note said Chinese living in the border area had been attacked by Vietnamese while removing illegal road blocks.

Agencies.

AMERICAN NEWS

# Canadian banks raise prime rates

By Victor Mackie

OTTAWA, Nov. 7.

CANADA'S chartered banks have boosted their prime lending rates by 0.5 per cent to 11.5 per cent with effect from today.

The banks also say that interest rates paid on customers' non-chequing accounts have been raised to 9 per cent from 8.5 per cent with effect from last Wednesday.

Bankers are reacting to a 0.5 per cent rise in th ecentral bank rate, to 10.75 per cent, announced on Sunday night by the Royal Bank of Canada.

This is the rate charged on infrequent loans to the chartered banks. An increase by the central bank is a signal that it wants higher interest rates in the economy.

The rise in the bank rate announced by the Bank of Canada has, for the second time in three weeks, forced the Government to make this year's Canada Savings Bond (CSB) issue more attractive to investors. The Government announced that it had raised the annual rate on the CSBs to 9.5 per cent less than 24 hours after the Bank of Canada's decision.

This is the second revision in the CSB interest rate, the first being in mid-October. The Government took the action to persuade savers to hold on to their savings bonds, instead of shopping on the private market for better rates.

Mr. Jack Horner, the Industry, Trade and Commerce Minister, at the opening session today of the Federal-Provincial Conference of Industry Ministers, said the Canadian dollar is greately undervalued on foreign exchange markets. Mr. Horner said strength in merchandise exports was the main reason for growth in the Canadian economy. That strength, he said, was due in part to the major depreciation in the value of the Canadian dollar. "I believe it is undervalued now, in an economy poised to move ahead strongly, if our biggest purchaser, the U.S., could only get its economics right," Mr. Horner said.

# Inflation up in Brazil

By Diana Smith

RIO DE JANEIRO, Nov. 7.

BRAZIL'S COST of living rose by 2.9 per cent in October, bringing accumulated inflation in the first 10 months of 1978 to 35 per cent, the figure the Government had hoped to see for total inflation up to December 1978.

# Miller warns on lower growth after credit move

BY DAVID BUCHAN

WASHINGTON, Nov. 7.

GROWTH IN the U.S. economy could dip next year to 2.5 per cent, Mr. William Miller, chairman of the Federal Reserve Board, predicted in an interview published today. This is the lowest growth forecast yet made by any of the country's leading policy makers, and comes in the wake of last week's major credit squeeze to boost the dollar.

But at the same time the Fed chairman told the Washington Post that he saw no reason for slower growth to raise the unemployment rate above 6 per cent.

This squares with the assurances last week by Mr. Michael Blumenthal, the Treasury Secretary, who has now scaled down the Administration's official 1979 growth forecast to 3 per cent, that the U.S. is not heading for anything resembling a recession. The general rule of thumb, however, is that expansion in the economy of at least 3.5 per cent is needed to keep the jobless rate from rising.

Mr. Miller explained away this apparent contradiction by arguing that the economic cycle, even in its fourth year of recovery, was still showing surprising strength, and that there were no bottlenecks or overstocking that might lead companies or consumers suddenly to retrench.

The unemployment rate, which has hovered around 6 per cent for most of this year, dropped to 5.8 per cent in October, while the index of leading economic indicators, which tries to gauge future trends, rose strongly in September for the second successive month.

But the leading indicators index for October is likely to be less buoyant, reflecting the plummet in share prices—one of its components—in that month.

In addition, the September gain was based on a big jump in the money supply, which the Fed has now taken fairly drastic moves to curb, and in new housing starts. With the Fed discount rate at a record 9.5 per cent, and the prime rate charged by most major banks at 10.75 per cent, mortgages have become more expensive too, and the housing sector is bound to feel the effect of this pretty soon.

Consumer credit, which does not cover mortgages, rose a net \$3.28bn in September — an increase that has some Government officials worried that American consumers may be biting off more than they can comfortably repay even in these inflationary times.

The September increase, announced yesterday by the Federal Reserve, is larger than the August increase in outstanding instalment credit, and well above the average monthly increase of \$2.6bn in the last six months of 1977.

In his Post interview, Mr. Miller warned—as indeed he was bound to do to maintain the momentum of the new dollar support measures—that interest rates could rise still further. But he was not specific.

Last week's Fed increase in the discount rate and in the ratio of reserves that banks are obliged to place with the central bank was clearly the price which West Germany, Switzerland and Japan exacted for their help for the dollar on the foreign exchange markets.

# Peru in talks with U.S. banks

BY STEWART FLEMING

NEW YORK, Nov. 7.

A GROUP of leading U.S. banks is negotiating in New York with Peru in a neffort to reach a new agreement on debt repayments with the South American state. The negotiations follow an agreement reached last week in Paris between states which have lent Peru funds. Meeting as the so-called "Paris club" the creditor nations agreed to postpone debt repayments due in 1979 and 1980.

Peru's total foreign debt is estimated at around \$8.2bn. In the next two years it is due to repay around \$700m to some 200 foreign banks. It is this debt repayment which is one of the main areas of negotiation and it is expected that the banks will ease repayment terms. Banking officials suggest that although leading banks are engaged in the New York talks, co-ordinating all the bank lenders is a complex task and will take time.

Peru has been a difficult financing problem for the commercial banks for almost two years. At one stage, they came close to getting involved in monitoring the country's economic performance themselves. But subsequently it was decided that banks should not take on this role and the International Monetary Fund was brought in. The political situation in Peru has, however, resulted in Peru having difficulty agreeing with the IMF on proposals for economic management. The latest debt repayment negotiations follow a new agreement with the IMF in August.

Peru's problems are partially the result of the depressed state of the copper industry and the relative failure of oil exploration in Peru's Amazon Basin. Export earnings have been weak at a time when the country has been building up heavy foreign debt, some of which has ben used to finance arms purchases and development projects. Domestically, a volatile political situation has made it difficult for the government to follow an austerity programme.

# Venezuela deficit forecast

BY JOSEPH MANN

CARACAS, Nov. 7.

SR. BENITO RAUL LOSADA, President of Venezuela's Central Bank predicted yesterday that the country's balance of payments would show a deficit of more than \$1.5bn this year and that a deficit would also be likely in 1979.

Sr. Losada, speaking at a lunch given by the Venezuelan-British Chamber of Commerce added that balance of payments deficits formed a logical part of Venezuela's development. Rapidly increasing imports, up 34 per cent last year, were "a factor of concern" but one with which the country could cope.

Venezuela recorded an overall balance-of-payments deficit of more than \$150m last year, the first since 1967. Despite record revenues from petroleum exports, the balance of payments has declined from a surplus of \$4.2bn in 1974.

The balance will remain unfavourable this year in spite of normal petroleum income and controls on many imports.

Sr. Losada noted that some economic indicators had turned downward since 1975, but stressed that this was "a normalisation" process which began after the initial effects of Venezuela's oil boom receded.

Sr. Losada said the economy remained strong and was in the course of "powerful" development.

# Less state control of trucking planned

By John Wyles

NEW YORK, Nov. 7.

THE INTERSTATE Commerce Commission was today discussing proposals from Mr. Daniel O'Neal, its chairman, to reduce U.S. Government control of the trucking industry so as to increase competition and lower transport costs.

Both the timing and content of Mr. O'Neal's proposals, contained in a memorandum circulated to the six members of the commission, appear closely linked to President Carter's new anti-inflation policy. One of the purposes of the policy is to reduce the burden of Government regulations. Now that deregulation of the airline industry has been achieved, trucking has emerged as the next target.

Supporters argue that increasing competition between carriers and allowing greater pricing freedom, with the emphasis on the freedom to lower charges, will result in benefits to the consumer as well as profits.

Of more immediate importance, however, may be the fact that the International Brotherhood of Teamsters is opposed to deregulation, arguing that it will lead to concentration and fewer jobs. The threat of deregulation may be used by the Administration as a lever to push the union into negotiating a new contract for its 400,000 trucking members, in line with the Government's 7 per cent ceiling on wage and benefits increases. The teamsters' three-year contract expires next March.

Meanwhile, Mr. O'Neal's proposals are aimed at encouraging new entrants into specialised long-distance trucking and at reducing the ICC's role in fixing rates.

The ICC can take important steps in the direction of deregulation by a simple vote of its commission. But the longer term diminution of its role will need legislative authority for which the Carter Administration is preparing its own plans. These have been given fresh impetus by the appointment of Mr. Alfred Kahn as head of the President's anti-inflation programme. As chairman of the Civil Aeronautics Board, Mr. Kahn led the deregulation of airlines.

## U.S. COMPANY NEWS

**General Motors cuts annual dividend; Sears Roebuck to sell \$1bn of consumer debt; United Technologies confident of Carrier bid clearance.**

NICARAGUA AND THE IMF

# Carter's blow to Somoza's financial underbelly

BY HUGH O'SHAUGHNESSY, RECENTLY IN MANAGUA

JUST AT the moment when the opponents of General Anastasio Somoza, the Nicaraguan president, were throwing up their hands and forecasting that Washington would never fulfil its promises and move against him, Mr. Carter landed his blow.

There were few harder blows that he could have struck against the embattled Somoza dynasty for it was aimed at the vulnerable Nicaraguan financial underbelly.

U.S. policy towards the crisis in Nicaragua has evolved very rapidly over the past few months. At the beginning of August Mr. Carter decided to send a letter congratulating the controversial president on some moves he had made to improve the human rights image of his government, and it was clear that Washington was content to be steering the General gently towards reforms in the rule his family has exercised over this poor central American state for the past 44 years.

President Anastasio Somoza

With the events of late August and September, when most of the population from conservative businessmen to Left-wing guerrillas rose up against his rule with strikes and violence, the Carter Administration realised the unpopularity of the Government and arrived at the view that Somoza must go. Directly after the General had crushed armed opposition to his rule, the U.S. got together with Guatemala and the Dominican Republic in a mediation mission.

The goal of the mission, it became clear thanks to whispers from Washington, was to get rid of the General without opening the door to anything more threatening than a centre of the road government willing to co-operate with a reformed National Guard, a body of troops which had hitherto done anything that Somoza had wanted it to do. At the end of last month Washington rather overplayed its hand and the most popular political group in the country, the Group of Twelve, businessmen, professional and church leaders, quit the talks and took refuge in the Mexican Embassy in Managua.

The Group of Twelve, democratically-minded figures, continue to be important in Nicaraguan politics because they have the ear of the Sandinista guerrilla movement. Their withdrawal from the talks brough forward the day on which the guerrillas would renew their armed attempts to overthrow the General and seemed to mark the total collapse of attempts to get an agreed solution to the Nicaraguan crisis.

In this mood of pessimism it was fortunate that a U.S. initiative aimed at showing its dislike of General Somoza matured. Last Wednesday, after much U.S. arm twisting at the International Monetary Fund, the Fund decided it would put off for a second time a decision about a Nicaraguan application for a \$20m credit under the Compensatory Finance scheme.

The Nicaraguans claimed to benefit from the scheme on the grounds that theirs was a developing country which had suffered hardship because earnings from cotton last year had not been up to reasonable expectation. Many developing countries, and some developed ones, were not happy with the U.S. move but they went along with it and allowed Washington to hit the Managua government hard.

General Somoza is desperately short of funds and was counting heavily on the \$20m and the financial respectability it would have brought him among commercial bankers who had so far been unwilling to lend him the money with which to make up his shortfalls.

Tax collection was knocked awry by the fighting in September and poor business conditions meant that many companies and individuals were owing less tax because they had made lower profits.

Customs receipts, which in September, 1977, came to 48.1m cordobas (£3.27m) fell in September this year to 17.0m cordobas (£1.2m). Sales taxes came to only 3m cordobas (£0.2m) in September as against 10m cordobas (£0.65m) in the same month last year.

The bad figures for September came shortly after it had been announced that in the year to June the foreign debt had jumped substantially, from 2.8bn cordobas (£0.19bn) to 3.7bn cordobas (£0.25bn) a rise of 23 per cent. At the same time reserves dropped over the same periods from 1.9bn cordobas (£0.12bn) to 1.28bn cordobas (£0.08bn) a 33.2 per cent fall. Meanwhile, Nicaragua struggled to pay off the large loans it had contracted at the time of the big earthquake of 1972.

Keen to keep buying arms and enlarge the National Guard, General Somoza has had to cut back on a lot of other government expenditure, notably education, and the National University is in serious difficulties. Lack of money in the till has also forced him to call a halt to a major building project, the PRAI, because he could not find the cordobas to match the dollars being provided by the USAID. The result is that at least 3,000 building workers are being thrown on the labour market at a time when the economy is in a deep depression and unemployment is already high.

INDE, the national businessmen's organisation, suggests that the country's domestic trade turnover will drop by at least 7 per cent rather than grow by 1.7 per cent as forecast, and that building activity will be no less than 36 per cent down rather than 3.6 per cent down as expected.

A flight of capital, estimate[d] by one important embassy [in] Managua at about \$100m ov[er] the year, and a withdrawal [of] private funds from the bankin[g] system is causing further troub[le], and pressure on the parity [of] the cordoba. Officially valued [at] seven to the dollar, the cordob[a] has been selling for more tha[n] nine, and many traders outsi[de] Nicaragua have stopped tradi[ng] in it.

Prospects for Nicaragua[n] three staple agricultural pr[o]ducts, cotton, coffee and suga[r] which at one point looke[d] favourable have started to see[m] no more than moderate.

The lack of crop sprayin[g] during the fighting in Septe[m]ber may well, according [to] INDE, cut the cotton harve[st] by 10 per cent. Insurer[s] anxious that guerrillas ma[y] attack the gins or the war[e]houses, have been reluctant [to] grant cover to cotton growe[rs] and have been even mo[re] reluctant to pay out for dama[ge] caused in the September di[s]turbances, saying that they co[n]stituted a "civil war" again[st] which few were insured, rath[er] than a "civil commotion" against which many propert[y] owners had taken out cover.

General Somoza's offer to pr[o]vide National Guard troops [to] guard the gins and the war[e]houses has not met with a[n] enthusiastic response fro[m] growers and traders who fe[ar] that the presence of the Guar[d] will only create trouble. Som[e] growers fear that the fighting [of] the recent months will mean th[at] many of the seasonal worke[rs] from neighbouring El Salvado[r] and Honduras will fail to turn u[p] at harvest time this year. If th[e] traditional supply of harve[st] labour fails then many farme[rs] could be in serious trouble.

Some farmers make light [of] this threat and say that the lac[k] of work in El Salvador an[d] Honduras will spur labourers [to] cross the border this year as the[y] have come in previous years.

All these delicate points of th[e] economy will be irritated by th[e] U.S. action in the IMF but so fa[r] there is no sign that Gener[al] Somoza is willing to accede [to] U.S. suggestions that he shou[ld] leave office.

# Commission 'must lead' on new structure

BY RHYS DAVID

THE EUROPEAN Commission will need to provide a firmer lead if the Community's textile industry is to achieve the restructuring required to make it competitive in world markets, a report by brokers Henry Cooke Lumsden claims.

The Manchester-based brokers, in a regular review of the industry's prospects, say that current over-capacity and fears over the impact of Community enlargement to include Greece, Spain and Portugal are likely to inhibit action by the industry itself aimed at sorting out problems.

It points out that if the industry in Western Europe is to share in the growth of world textile demand it needs to develop its marketing to the point where the EEC can become effective as a single market.

"There appears no reason to expect existing textile majors to take such positive long-term decisions in conditions of world over-capacity and major uncertainty. Any moves which do take place are likely to be negative, short-term expedients forced by depressed operation conditions."

Major textile groups throughout Europe, the report claims, are reluctant to take an industry role and act as a catalyst for restructuring.

"In the UK, particularly, we see little inclination among the majors to take on new rationalisation tasks in Europe, when investment in the Far East appears to offer the opportunity to participate in much faster growing markets."

# Carter may remove textile threat to Geneva talks

BY JUREK MARTIN

WASHINGTON, Nov. 7

PRESIDENT CARTER will almost certainly kill the Bill which would take textiles out of the Multinational Trade Negotiations in Geneva later this week.

The President has until Saturday morning to either sign the measure, which passed Congress last month, or veto it or simply not sign it at all, in which case it has no effect. He will very probably choose the last route, known as the "pocket veto."

The Special Trade Rrepresentatives Office has already sent to the White House a draft statement for Mr. Carter to use when he makes his move. Because of the distractions of the mid-term elections, however, it is thought unlikely that any formal announcement will be made before Thursday.

From a purely tactical standpoint, some advantage may be gained for the U.S. if the decision to kill the textile exclusion provision were made public while the Trade Representative, Mr. Robert Strauss, is in Europe on Thursday and Friday for what are deemed critical talks on the trade negotiations.

It is accepted here that Mr. Strauss faces no easy task in his upcoming consultations. He will be additionally handicapped by a much more serious obstacle posed by Congress last month when it failed to extend beyond January 2 the President's powers to waive the imposition of countervailing duties against imports.

The Administration has so far failed to come up with any legal way round the problem. It is hoping that by resorting to bureaucratic delays it will not be forced actually to levy the additional duties, if U.S. manufacturers seek relief after January 2, for perhaps a month or so.

During this period it is hoped that Congress, which reconvenes on January 15, will extend the President's waiver authority. Proposals to do just this had passed both Houses of Congress this year, but attached to different pieces of legislation in both houses.

But in the confusion of the final days of the last session of Congress it proved impossible to make the necessary reconciliations.

However there is no guarantee that the new Congress, which will be sorting itself out and consumed with such matters as the State of the Union message and the presentation of the new Budget, will act as speedily as the Administration would like.

# Brazil acts to lift export tax relief

BY DIANA SMITH

RIO DE JANEIRO, Nov. 7.

IN A major policy shift, the Brazilian Treasury has agreed to levy an export tax on textiles shipped to the U.S. with the aim of offsetting the 27.2 per cent tax relief which Brazilian textile manufacturers receive on these goods. The tax relief is regarded as an incentive in Brazil but as a subsidy by the U.S. textile industry.

The American clothing workers union has put heavy pressure on the U.S. Congress to call for countervailing duties on Brazilian textile exports to their country. These total about $50m of $700m worth of textiles imported annually by the U.S.

When the U.S. Congress went into recess last month, it had failed to grant the administration powers to extend its waiver on counter-valling duties after January 3 next year. Faced with the likelihood that these duties would be imposed thereafter on Brazilian textiles, the Brazilian Treasury Minister Sr Mario Simonsen and U.S. Treasury Under Secretary, Mr. Fred Bergsten, worked out a compromise in Brasilia yesterday.

As of November 7, an export tax of 9.3 per cent will now be levied on textile exports to the U.S. On January 3, next year, the day the U.S. administration's waiver powers expire, another 9.3 per cent will be added to this tax.

The Brazilian Government then has until January 1980 to either impose the 18.6 per cent remaining of the current tax relief as an additional export tax or withdraw the tax relief, so that the full 37.2 per cent tax relief is cancelled out.

In return for Brazil's concession Mr. Bergsten said that the U.S. Administration will try to ensure that a clause demanding proof of damage to local industry by subsidised exports is included in the forthcoming GATT subsidies code.

# Wang meets Varley and top UK industrialists

BY COLINA MacDOUGALL

CHINESE Vice-Premier Wang Chen and Mr. Eric Varley, the Industry Secretary, in jovial mood during their meeting in London yesterday.

Later, he held more specific discussions with several leading British industrialists, including Sir Derek Ezra, chairman of the Coal Board, Sir John Buckley, chairman of Davy International, Sir Peter Matthews, chief executive of Vickers, and Sir Arthur Knight, chairman of Courtaulds, all of whom have recently visited China.

Peking's modernisation plans includes huge developments of steel, coal and petrochemical industries. They have already indicated they will buy large amounts of equipment and know-how abroad.

Mr. Wang's responsibilities include the aircraft industry, shipbuilding and offshore oil, and he is accompanied by experts from the two machine building ministries which handle naval shipbuilding and defence electronics.

# Japan car sales to Britain up on '77

FINANCIAL TIMES REPORTER

THE SIX importers of Japanese cars into Britain sold 159,361 cars in the first 10 months of this year—nearly 20,000 more than the whole of 1977, according to figures published yesterday by the Society of Motor Manufacturers and Traders (SMMT).

They were disclosed as two days of talks, on next year's Japanese sales, between the SMMT and heads of the Japanese car industry ended in London.

The total compared with 127,324 in the same period of last year—and with a total of 140,415 in the whole of 1977. In the same period, total new car sales in Britain have risen by 22 per cent.

The Japanese market penetration into the British market so far has reached 11.2 per cent, against a final 1977 of 10.6 per cent.

But there were firm signs in the October figures that the restraint on shipments from Japan, and the cut-back in dealers' stocks, was having the desired effect of bringing the 1978 penetration nearer to the 1977 level.

For last month, Japanese car sales were 12,415, only slightly higher than in October, 1977. And hecauseo of the increased total volume of sales, their actual market share dropped from 11.5 per cent last October to 10.8 per cent last month.

# Steel to cost China more

BY RICHARD C. HANSON

TOKYO, Nov. 7.

JAPANESE steel makers have won agreement in principle with Chinese officials on a price increase on shipments for the first half of 1979 averaging 20 per cent over the current half year. Industry officials said today.

The Chinese have agreed to import about 2.5m tons of steel in the six month period, the second largest half year shipment to China so far.

The basic agreement was reached more rapidly than in the past, after discussion between Japanese businessmen and Chinese officials began in Peking on October 28. Final details are now being worked out on the pricing arrangements.

The 20 per cent average increase follows a 22 per cent rise for the July to December shipments this year, which will total about 2.6m tons (including 300,000 tons of pipe for the foundations of the new steel mill Japan is building for China in Shanghai).

In the first half of this year Japan shipped 2.6m tons and had won a 15 per cent price increase. The price rise narrows the spread between export prices to China and export prices to other world markets but Japan is continuing to sell to China at a considerable discount.

# Tokyo likely to choose Airbus

TOKYO, Nov. 7

JAPAN is likely to reach a decision next month to buy an unspecified number of European Airbus airliners, M. Louis de Guirangaud, French Foreign Minister, told a Press conference following two days of talks with the Japanese Government.

M. Guirangaud said a main topic discussed was the imbalance in Japan's favour in trade between the two countries.

Japan's Tao domestic airways last month sent a team to the U.S. and Western Europe prior to a final decision on which of two wide-bodied airliners it would buy for routes in Japan.

Reuter

# Davignon steel assurance

BY ADRIAN DICKS

MULHEIM/RUHR, Nov. 7.

VISCOUNT ETIENNE Davignon, the European Community's Industry Commissioner, declared today that he would put an immediate halt to his emergency programme for steel if he felt it was failing to take proper account of the social issues. But he also reminded a shop stewards' conference here of the steel union, IG-Metall, that for the programme to succeed in its aims of strengthening the industry and preserving jobs, all those involved would have to co-operate to the full.

"The restoration of the industry to good health is worth nothing if it does not allow the solution of the sort of social problems that the crisis has created," he said. Under pressure from delegates to endorse IG-Metall's current claim for a 35-hour working week, Viscount Davignon said he could see no objection, provided that the industry's competitivity was not damaged.

The industry commissioner pledged that he would seek to raise the Community budget's allocation of funds to the industry in 1979 to a figure three times that of 1977. This year, it would be double 1977's. He said there would have to be bilateral negotiations with individual governments as to how this money should be spent, but Viscount Davignon pledged that it should be a Community responsibility to help those whose jobs would disappear as part of the restructuring process.

TECHNOLOGY EXHIBITION

# Bridging Europe's communications gap

BY OUR ATHENS CORRESPONDENT

LATEST DEVELOPMENTS in the world of transport and communications and the role that Greece can play as a link between Europe and the oil-rich Arab countries will be viewed and discussed during a five-day international exhibition to be held in Athens next year.

The exhibition, called Translink Exchange, will be held from May 24 to 28 at the Zappeion Palace in central Athens with the co-operation of the Greek Ministry of Transport and Communications. It is being organised by Posidonia Exhibitions and will take place on the eve of the European Council of ministers of transport meeting in Belgrade, scheduled to open on May 29.

The idea behind the exhibition is that trade between Mediterranean countries and the rest of the world has grown rapidly in recent years, bringing with it the need for an equally rapid development by these countries of their transport and communications systems.

The Translink Exchange will provide the opportunity for government and private organisations engaged in the planning and execution of these projects to compare and co-ordinate their intentions and to view the most modern machinery and methods available to construct and equip their national and international communications systems. The exhibition will also be a marketplace where potential purchasers are introduced to manufacturers and suppliers engaged in building and operating the systems.

Mr. Alexander Papadongonas, the Greek Minister of Transport and Communications, has underlined that the Translink Exchange will focus attention on the need for collaboration and co-ordination between projects and between the countries in the Mediterranean area.

"The intense growth of traffic —by land, sea and air—between more than 20 nations requires an occasion when the responsible authorities and purchasing agencies can meet the manufacturers, suppliers and service industries and view the latest technology and equipment available," Mr. Papadongonas said.

"Greece is traditionally and geographically a meeting point for international trade, and with her anticipated entry into the EEC is a natural and topical host for this major international event," he said.

The exhibition's theme will be graphically conveyed by the Translink map, which will display the various communications and transportation systems throughout the Mediterranean area as they exist now and as they are expected to develop in the future. Featured on the map will be countries from North Africa, the Middle East, the Balkan Peninsula and Europe.

Around the map will be national bureaux representing each of the countries which appear on the map. Detailed information of national projects will be available as well as information on the authorities responsible for executing the projects.

The exhibition area will contain presentations by companies and organisations who design, construct and service the equipment and machinery required to build and operate communications and transportation systems.

About 40 major international exhibitors from Western Europe, the U.S., Japan and the Balkan countries will display their latest equipment in road and highway construction, railway systems, pipelines, postal and telegraphic systems, computer application, satellite systems, airports and airways, urban and rural traffic systems, and harbour construction and shipping. Major banking and finance houses will also participate in the exhibition.

# 'Intelligent pigs' to safeguard sea gas pipelines

BY DAVID FISHLOCK, SCIENCE EDITOR

MOBILE ELECTRONIC robots costing upwards of £250,000 each are being introduced by British Gas to police in its £1.3bn investment in the high-pressure transmission grid for North Sea gas.

The corporation believes that it is on the brink of a unique technology for safety assurance, which it will be able to market worldwide in the 1980s as a service to gas and oil pipeline operators.

The robots — colloquially known as "intelligent pigs" — will travel along buried pipelines, making magnetic tape recordings of any flaws such as corrosion or cracking which might put the pipeline at risk.

The pipelines to be safeguarded in this way are operating at pressures up to 1,000 pounds per square inch, and range from 12 in. to 42 in. in diameter.

British Gas has spent about £9m to bring its robots to the stage of making the first runs — 50 miles at a time — in the gas grid.

Sir Denis Rooke, its chairman, who initiated development of the robot while he was board member responsible for production and supply, has approved plans for developing an on-line inspection service based on the "intelligent pig."

He has increased annual expenditure to about £6m. The corporation is converting a factory at Cramlington, in the north-east, into an on-line inspection centre under the direction of Mr. Gerry Clerebugh, a former aerospace engineer who was responsible for the development of the robot.

The centre will assemble robots in various sizes, to suit the different diameters of pipeline. It will process, analyse and store the magnetically recorded data on pipeline damage, in addition to continuing the research and development role.

Its information will be used by the pipeline engineers of the 12 regions of British Gas to determine whether repairs or replacement of damaged sections of the gas grid are necessary.

# 'Politicians' meddling in BCC' is attacked

BY COLLEEN TOOMEY

CONTINUOUS and suspicious tinkering "by politicians with the BBC, or "plain uncaring financial meanness," could harm the corporation, Sir Michael Swann, chairman of the BBC, said last night.

Sir Michael, giving the Fourth Chancellor's lecture at Salford, said that for one of the few British national institutions "envied and admired round the world," this would be a disaster.

Before his retirement as chairman next July, he hoped that a solution for the future would arise.

Over the last 30 years, the BBC had been investigated by 20 committees. "No one who has not endured this sort of thing can know how disruptive it is."

The Annan Report on the Home Services, for instance, took three years to complete, with substantial evidence provided by the BBC.

This was followed more recently by a White Paper, "proposing something wholly new for the internal structure of the BBC," which included a new board of governors, half of whom would be appointed from the Home Office directly.

"We believe this to be managerially disastrous and potentially dangerous." It would leave the path wide open for any future Government that wished to exert political pressure on the BBC.

Recently, the Conservative Party kept a tally of political appearances and complained to the BBC that it was favouring the Labour Party, but the party had lumped political appearances in news bulletins together with current affairs programmes.

Current affairs programmes were balanced between parties. News, however, must be based on what had been said or done and the Government invariably gets more mention.

The Government received three times as many mentions as the Opposition, but in 1970-74 the Conservative Government scored three times as many mentions as the Labour Opposition, Sir Michael said.

# Insured theft losses double in three years

BY JAMES McDONALD

THEFT LOSSES covered by insurance companies have more than doubled in the past three years, according to British Insurance Association figures. The total of insured thefts for the first half of this year was £39.8m — slightly more than for the whole of 1975 (£39m).

The Association said yesterday that the value of thefts had increased in real terms over the period. Prices had doubled during the period of inflation while the value of thefts had trebled.

Property taken from private homes in the first half of this year cost £19.3m — 34 per cent more than in the same period last year. The increase in cost of thefts from commerce and industry was even greater — 48 per cent more that £9.8m.

Announcing the losses yesterday, Mr. Pat Bartrum, chairman of the Association's crime prevention panel, said that the figures emphasised the rise in crime.

"Both businessmen and householders must now recognise the need for effective security. Insurers and the police will help to identify the weak points so readily spotted by thieves and give advice on how business premises and homes can be better protected."

The table below compares thefts during the first half of this year with the same period last year.

| | 1st half 1977 £m | 1st half 1978 £m | % increase |
|---|---|---|---|
| Money | 2.2 | 2.3 | 4.5 |
| Household | 14.4 | 19.3 | 34.0 |
| All Risks | 4.6 | 5.7 | 23.9 |
| Commercial | 6.6 | 9.8 | 48.4 |
| Goods in Transit | 2.7 | 2.7 | 0.0 |
| TOTAL | 30.5 | 39.8 | 30.8 |

The figures do not include losses uninsured or insured outside the association, nor do they include losses covered under marine or motor policies.

# Emergency remand law attacked

By Our Belfast Correspondent

EMERGENCY LEGISLATION introduced by Mr. Roy Mason, Northern Ireland Secretary, to deal with the effects of industrial action by 2,000 warders in the province was condemned in the courts yesterday by several solicitors representing defendants on remand. Some walked out in protest.

Magistrates began remanding prisoners in their absence under an Order in Council signed by the Queen. The Northern Ireland Office said the measure was the only way to avoid a crisis caused by the warders' refusal to escort or re-admit remand prisoners.

Government officials said the legislation would be repealed once the industrial dispute ended.

# Aberdeen heliport probe puts back decision date

BY OUR ABERDEEN CORRESPONDENT

BRITISH AIRWAYS Helicopter faces a public inquiry in the New Year over plans for its proposed 28-acre heliport to serve North Sea traffic at the Bridge of Don, Aberdeen.

The decision taken yesterday by Grampian Regional Council property, planning and development committee, means that a final decision on the application —which has drawn 49 objections including petitions from local residents totalling 250 signatures —will not be known until March or April.

Application for the multi-million pound heliport was made last month to Aberdeen City District Council, within whose boundaries the proposed scheme is sited, but Grampian Region exercised their right to "call in" the application because of its significance to the area.

Director of physical planning, Mr. Trevor Sprott, told councillors yesterday that the objections arose mainly from potential noise affecting local amenity, and suggested that they seek more information from the company on the heliport's operation and noise before seeking the advice of independent specialists.

The committee agreed, and instructed the planning department to gather information on the projected use of helicopters for North Sea and domestic flights as well as the possible effects of a new heliport on local industry and industrial land requirements.

# Rift widens over Iberia move to Gatwick

BY ARTHUR SANDLES

THE DISAGREEMENT between Britain and Spain over the moving of Iberia Airline flights from Heathrow Airport, London, to Gatwick is rapidly deepening into a serious political row.

Spanish sources suggest that the threat made by Spain in London last week to rip up the 28-year-old air services agreement between the two countries was a declaration of intent rather than a bargaining ploy.

Such a move would throw Britain into another round of air services negotiation similar to that with the Americans over the Bermuda agreements.

What started as a relatively simple matter of Iberia being told that it must go to Gatwick with the Portuguese airline TAP and the Spanish and Portuguese services of British Airways has now spread into arguments covering a wide range of aviation matters between the two countries.

Not only did negotiations between the two countries during October prove to be abortive but some aspects of the matter are already in the hands of lawyers.

The air services agreement between the two countries was signed before the growth of package tourism and charter flights. Throughout the 1960s Spain operated an "open skies" policy, which allowed any charter operator into the country and proved a valuable basis for the tourist explosion.

Now, the Spanish are complaining that their airports are swamped with foreign airlines. The British say that the Spanish do not have the jet capacity to carry more of the 2m plus UK residents who visit Spain each year than the present one in 10. The Spanish say that if they knew they were going to get the traffic they would buy the aircraft.

The British are trying to play down the whole affair, but there is already talk of putting off the date when Iberia is meant to move—next spring. The British Airports Authority, while not allocating slots for Iberia flights from Heathrow next summer, has frozen the times involved so that the services could continue if the airline did not move.

While UK representatives say that all the fuss will die down, the Spanish clearly feel they have been slighted in being ordered to go to Gatwick. It is a matter of honour that the British should be fought off in this affair.

There is already a feeling among airline people at the annual convention of the Association of British Travel Agents in Torremolinos that ripping up the agreement and renegotiating it may be the best way out if honour on both sides is to be satisfied.

# Bid starts to extract lead from Welsh pit dumps

By Paul Cheeseright

AN ATTEMPT to clean up and extact metal from the waste dumps of the 19th-century lead mines in central Wales, starts today when Elenith Mining begins plant trials at the old Esgairmwyn mine in Dyfed.

At Esgairmwyn there is between 50,000 and 60,000 tonnes of materials in the dump, with a lead content of about 2 per cent. The scheme is to process material from the dump with chemicals to extract the lead.

If it is successful, it could open the way to treatment of other dumps in central Wales, which was once the major lead producing area of the UK.

The trials at the plant are aimed not only at testing equipment, but also at convincing local authorities that the processing of the dumps can be done without polluting the River Teifi.

Only when the authorities are satisfied that this is the case will permission be granted for a commercial operation.

Elenith, a private UK company, has already had its plans scrutinised by public inquiry and is confident that it will win approval for full-scale working by the end of the year.

Mr. Gerard Noel, a director, said yesterday that techniques existed for the grading and replanting of old waste dumps, but rehabilitation could not take place with the dumps in a rough state.

The company says that the extraction of the lead is not only beneficial economically, but is also a removal of pollutants.

# Gambling duties up to £35.4m in September

BETTING and gaming duties collected during September by Customs and Excise totalled £35.4m, compared with £31.4m in August.

The increase was accounted for largely by the periodical payment of Gaming Licence (Premises) Duty of nearly £2.7m.

Total general betting duty—including on-course bookmakers, betting shops and totalisators—at £18.7m, compared with £20.2m, in August. Pool betting duty, however, rose over the month from £8.7m to £9.4m.

# Forces' mail

LAST RECOMMENDED posting dates for Christmas mail going by ship to some British-forces post offices fall next week. Parcels, cards, packets and letters to BFPOs 53, 54, 57, 58 and 567 should be posted by November 15, and to BFPOs 51, 52 and 163 by November 16.

# Eurobank lends £210m to UK Water Council

BY MAURICE SAMUELSON

THE EEC-sponsored European Investment Bank, of which Britain is the leading borrower, is lending £210m to the UK's National Water Council over the next two years.

Under a framework agreement signed in London yesterday, the money (equivalent to 315m units of account) will be available for developing water and sewerage resources in high unemployment areas in need of industrial regeneration.

The Council will act as intermediary in contracting loans and pass them on to regional water authorities.

The first two loans were also signed yesterday—£14m for the North West water authority, and £8.4m for the Severn-Trent authority.

The loans are for 15 years at 9.9 per cent in a "cocktail" of currencies, including 30 per cent sterling. A further £9.4m loan will shortly be signed for the Welsh Water Authority.

The agreement, which has Treasury approval, was announced at the Investment Bank's newly-opened office. The signing was attended by Mr. Yves Le Portz, the bank's chairman, and Sir Robert Marshall, chairman of the National Water Council.

Mr. Le Portz said that of the bank's lending of $2.5bn within the EEC in 1978, between a quarter and a third has gone to the UK. Gross lendings to Britain have now reached £1,270m since the UK joined the Community in 1973.

This year's loans to Britain will total almost £300m in various currencies and they are likely to increase in the next few years.

The money has helped finance projects in Scotland, Wales and the North of England, many of which are connected with the oil and gas industries, and nuclear power.

Members of the Bank, set up under the Treaty of Rome 2[illegible] years ago, are the EEC's nine member States who subscribe to its capital. In June, the capital was doubled to the equivalent of about £4,725m, of which the UK share was about £1,050m.

The National Water Council is high on the list of UK borrowers, having earlier taken £174.5m in 19 loans to aid schemes in five of the 10 regional water authorities in England and Wales.

Sir Robert Marshall said the Bank had offered lower interest rates than alternative sources and he was confident that the link would continue after 198[illegible] when the present agreement runs out.

The Council's borrowings from all sources totals about £600m of which some £400m has been borrowed from the Iranian Government. The council almost invariably acts as the agent to the individual regional water authorities. In July, it made an early repayment of a $300m loan from the Orion bank.

Yesterday's framework agreement is the first of its kind arranged by the Investment Bank.

● Under a separate agreement announced yesterday, the Bank signed a second loan to the Grampian Regional Council worth £5m (7.5m units of account). It will finance road and water development in Eastern Scotland made necessary by growth of the North Sea oil and gas industry.

European Investment Bank Loans and Guarantees
(M units of account)

| | 1973 amount | % | 1975 amount | % | 1977 amount | % |
|---|---|---|---|---|---|---|
| Belgium | — | | 10.8 | 1.1 | — | |
| Denmark | 6.8 | 0.8 | 17.7 | 1.8 | 32.7 | 2 |
| France | 170.6 | 20.9 | 158.0 | 15.7 | 296.5 | 18 |
| Germany | 204.5 | 25.1 | | | 28.4 | 1 |
| Ireland | 22.6 | 2.8 | 37.7 | 3.7 | 79.7 | 5 |
| Italy | 181.9 | 22.3 | 358.8 | 35.6 | 425.7 | 27 |
| *United Kingdom* | *67.1* | *8.2* | *334.5* | *33.2* | *489.5* | *31* |
| | 653.5 | 80.1 | 917.5 | 91.1 | 1 352.5 | 86 |
| Outside EEC | 162.5 | 19.9 | 89.0 | 8.9 | 219.0 | 13 |
| Totals | 816.0 | 100 | 1 006.5 | 100 | 1 571.5 | 100 |

(1 unit of account=£0.688763)

# Tax deposit rates

FROM MONDAY, the rate of interest on new deposits accepted under the terms of the Prospectus (Series 3) for Certificates of Tax Deposit dated August 29, 1978, and applied in the payment of tax has been increased from 11 per cent to 11½ per cent. The rate of interest on deposits withdrawn for cash remains at 9 per cent.

The bonus payable on deposits applied in payment of tax and held for more than six months remains at 1 per cent.

# Japanese car group pledges prudence over exports to UK

BY MAURICE SAMUELSON

JAPANESE VEHICLE manufacturers would continue to be prudent in their approach to exports in the UK according to leaders of the Japan automobile manufacturers' association.

The pledge was made yesterday in a joint communique with the British Society for Motor Manufacturers and Traders, after two days of talks in London.

The communique said: "During the talks the SMMT expressed the deep concern of its manufacturers about Japanese commercial vehicle penetration into the British market and JAMA noted this point."

## Responsible

Sir Barnie Heath, president of the society, said that there was no question that the Japanese had acted responsibly since talks between the two associations began in mid-1975. They had recognised the difficulties of restructuring the UK motor industry.

"They have acted responsibly and have emphasised that they will continue to do so."

The Japanese were aware of the dangers of swamping the UK market, and saw that feelings were running very high. It was in their hands to regulate motor sales on a voluntary basis.

However, the strikes at British Leyland and other troubles in the British motor industry were "a bad background for these talks," although the Japanese had not referred to them.

So far this year, Japanese vehicle imports have accounted for more than 11 per cent of the UK market, but they are expected to settle at about 10½ per cent by the end of the year.

The communique noted that, in the three years from 1975 to last year, the Japanese share of the UK market had risen by 1.6 per cent, compared with 3 per cent a year before the two groups began their series of talks.

The society believes that there will be a slight fall in vehicle demand in the UK next year, new registrations of 1.58 munits—a fall of 1 per cent on this year's forecast, covering cars and light commercial vehicles.

## Benefits

The Japanese side however, noted that vehicle demand was difficult to predict since next year would be an election year.

The Jama delegation was led by Mr. E. Toyoda, its president. The communique said that the discussions were wide-ranging, and that both sides re-affirmed their strong support for international free trade. It also acknowledged "the benefits that international competition can bring to industrial efficiency and consumers."

The two sides would continue to watch the situation closely and hold further meetings if necessary.

# Coal production effects to be assessed

BY JOHN LLOYD

THE environmental implications of the UK's increasing coal production will be studied by the Commission on Energy and the Environment, which published its terms of reference yesterday.

The first phase of the Commission's study will concentrate on the National Coal Board's exploration and mining programme and on determining the likely location and timing of future mines.

It will also examine the technologies of coal production and use, and attempt to identify the environmental implications of future production, distribution and burning of coal.

It will assume that future production levels will rise to 135m tonnes by 1985 and 170m tonnes by the year 2000, as set out in the two major schemes for the industry, Plan for Coal and Coal for the Future.

# Appointments directory is updated

THE SECOND edition of a directory of paid public appointments made by Ministers is published today by the Civil Service Department. It contains details of 5,660 paid and 6,050 unpaid appointments to bodies which have some paid members and covers 360 bodies throughout the UK.

*Directory of Paid Public Appointments made by Ministers, HMSO, £2.25.*

# Strike causes Ford's sales share to dive

THE FORD pay dispute distorted the UK car market in October and Ford's share of total registrations plummeted to 18.72 per cent from 30.45 per cent in the same month last year.

However, total sales were still the best for any October since 1973, the record year, and were 9.12 per cent above the October, 1976 level, according to statistics from the Society of Motor Manufacturers and Traders today.

Importers took up some of the slack and accounted for 51.69 per cent of sales in October this year, against 48.86 per cent a year earlier.

BL, formerly British Leyland, was one of the main beneficiaries of Ford's plight. Its share of the market went to 25.22 per cent from 20.56 per cent in October, 1977.

Its best-selling model, the Marina, came within a whisker of being Britain's top-selling car last month. Marina registrations totalled 8,395, against 8,398 for the Ford Escort.

*The Ford strike had an immediate impact on sales of Cortinas, already in short supply.* With sales last month of 4,930, the Cortina dropped to fourth place, behind the BL Mini, with 5,224 registered.

Another heartening sign for BL was that the Rover saloon, voted "Car of the Year" two years ago, scraped into the top 10, with sales of 2,696. That reflects BL's recent increases in production at the new £90m Rover plant.

*Vauxhall, the General Motors* subsidiary, and Chrysler improved their performances. Chrysler's Alpine, with sales up from 2,093 in October 1977 to 2,539 seemed, like the Marina, to gain from shortages of Cortinas.

Chrysler's share of total registrations moved up to 8.05 per cent from 5.55 per cent in October last year, while Vauxhall's advanced from 8.12 per cent to 8.45 per cent.

Total car registrations in October totalled 115,212 against 105,581 in the same month last year. In the first 10 months of this year registrations, at 1,429,606, are 22.2 per cent ahead of last year's figure.

The importers' share of the market in October was held back largely because Ford is the biggest single importer and its products have been blockaded at ports almost since the dispute began.

In October, 42.9 per cent of Ford cars sold were imported, including Fiestas from Spain, Escorts, Granadas and Capris from West Germany and Cortinas from Belgium.

BL also had to import popular vehicles last month. Almost a quarter of the 5,224 Minis registered and a fifth of the 3,140 Allegros were assembled in Belgium.

For importers of Japanese cars, cuts in shipments to the UK were starting to be felt. The Japanese market share was 10.78 per cent, against 11.54 per cent in October last year. However, the Japanese have sold more cars this year: 159,361 against 127,324 in the first 10 months.

European producers who made strides were Alfa Romeo, with a market share up from 0.74 to 1.15 per cent; Citroen, up from 1.97 to 2.57 per cent; Peugeot, from 1.74 to 2.16 per cent; Renault, from 3.91 to 4.94 per cent; and Volvo, from 1.56 to 2.12 per cent.

Last month's 10 best-selling models were: Ford Escort, 8,398 registered; BL Marina, 8,395; BL *Mini, 5,224; Ford Cortina, 4,930;* Ford Fiesta, 4,718; Vauxhall Chevette, 3,919; Vauxhall Cavalier, 3,680; BL Allegro, 3,140; BL Princess, 2,872; Datsun Sunny, 2,736 and BL Rover saloon, 2,696.

## UK CAR REGISTRATIONS

| | October | | | | 10 months to end-October | | | |
|---|---|---|---|---|---|---|---|---|
| | 1978 | % | 1977 | % | 1978 | % | 1977 | % |
| Ford | 21,564 | 18.72 | 31,151 | 30.45 | 376,039 | 26.30 | 297,121 | 25.40 |
| BL | 29,055 | 25.22 | 21,706 | 20.56 | 328,002 | 22.94 | 287,189 | 24.55 |
| Vauxhall | 9,737 | 8.45 | 8,568 | 8.12 | 114,753 | 8.03 | 106,720 | 9.12 |
| Chrysler | 9,278 | 8.05 | 5,860 | 5.55 | 95,777 | 6.70 | 69,337 | 5.93 |
| Total British | 55,658 | 48.31 | 55,476 | 52.54 | 731,051 | 51.14 | 639,980 | 54.70 |
| Datsun | 7,264 | 6.30 | 7,106 | 6.73 | 92,874 | 6.50 | 75,917 | 6.49 |
| Renault | 5,686 | 4.94 | 4,129 | 3.91 | 61,079 | 4.27 | 49,914 | 4.27 |
| Fiat | 5,510 | 4.78 | 4,940 | 4.68 | 64,088 | 4.48 | 57,910 | 4.95 |
| VW-Audi | 4,432 | 3.85 | 3,597 | 3.41 | 55,172 | 3.86 | 40,582 | 3.47 |
| Total imports | 59,554 | 51.69 | 50,105 | 47.46 | 598,555 | 48.86 | 529,962 | 45.30 |

Includes cars from companies' Continental associates which are not included in the total UK figures.
Includes imports from all sources, including cars from Continental associates of UK companies.

# Institutions accept shares role

BY CHRISTINE MOIR

FURTHER confirmation that the institutions are taking seriously their role as shareholders came in a speech yesterday by Mr. Peter Dugdale, a managing director of Guardian Royal Exchange. He said: "I hope we will find the practical means by which, in building stronger and more informative relationships with those companies in which we have an interest, we can fulfil our increasing responsibilities to our fellow shareholders."

In the 1980s, the insurance companies would be more positively involved in companies in which they held shares. However, it was important to find "the right balance between the 'absentee shareholder' at one extreme and the interfering busybody at the other."

# National electronic education studied

BY JOHN LLOYD

A NATIONAL programme to increase awareness of micro-electronics in schools and colleges, together with a strengthening of the micro-electronic capability of some universities and polytechnics is being considered by the Government.

A letter from the Department of Education and Science to local educational authorities and other educational bodies says that "the Government wishes to ensure that the best possible use is made of the new technology, and is working on an appropriate strategy."

In education, this strategy would include:

- the production of an adequate number of well-equipped specialists;
- *teaching non-specialists about the new technology, to enable them to exploit its uses;*
- making children aware that they may be required to adapt to rapid technological change;
- offering adults training in the new skills which these changes may call for.

The letter says that education should aim to give young people a wide range of basic skills and improve their adaptability.

# Finance threat to development council ended

By Our Own Correspondent

TYNE AND WEAR County Council has withdrawn its threat to refuse finance to the North of England Development Council, provided that the development council agrees to eight "guidelines."

The guidelines, which the development council's executive is expected to accept at its meeting on December 1, provide for the council to submit its programmes and budgets to member local authorities for approval, for the organisation to assist in the growth of companies already in the region through trade missions, and for duplication of effort to be avoided by closer consultation with members of the North East County Councils' Association.

Other county councils in the North-East, which subscribe to the development council, are expected to follow Tyne and Wear's lead.

# British Steel buys Glynwed division in £3½m-plus deal

BY ROY HODSON

BRITISH STEEL is buying the sheet steel stockholding business of Glynwed in a deal which could cost £5m. The final price will depend upon a valuation of the steel in stock.

British Steel believes it will have to pay between £3.5m and £5m. Mr. Leslie Fletcher, chairman of Glynwed, said last night he expected the deal to be settled at between £4m and £5m.

The Glynwed sheet steel business, which operates under the Cashmore name, amounts to about 150,000 tonnes a year. Combined with the sheet business done by British Steel Service Centres, the acquisition will raise the corporation's share of the sheet stockholding market by 2-3 per cent to nearly 10 per cent.

British Steel's total market share of steel stockholding in Britain will henceforth be about 8 per cent. Before the world steel crisis gave an undertaking to the National Association of Steel Stockholders that it would not extend its stockholding activities to more than 15 per cent of the British market.

## Loss

However, there must be doubts, now, on whether that undertaking is still considered valid, in view of the fast-changing pattern of the steel business.

The corporation is determined to build up a closer relationship with its customers through greater participation in stockholding.

Glynwed lost £1m on its sheet steel stockholding division last year and expects profits to be very small this year.

The Italian state steel company, Finsider, was negotiating to buy the division for between £4m and £5 earlier this year, but called off the deal at a late stage.

British Steel is taking over one of the Glynwed warehouses at Great Bridge in the West Midlands. It will offer employment to the 115 staff at terms no less favourable than they have at present.

The business will trade under the name Lye Spencer — the flat rolled steel division of British Steel Service Centres.

The corporation will take over plant and stock at three other warehouses. The premises will be closed. About 160 jobs will be lost at the warehouses at Hatfield, Hertfordshire, Morley, Leeds, and Bellshill, Lanarkshire, and through the closure of three sales offices at Blaydon, Tyne and Wear, Newport, Gwent, and Redhill, Surrey.

Glynwed is pulling out of sheet steel stockholding because it believes the business is likely to provide only very modest returns in the future while demanding continuing — and probably increasing — cash investment.

# Statement today on row involving Lloyd's

BY JOHN MOORE

ATTEMPTS WERE being made yesterday to resolve a bitter public row between a Lloyd's of London underwriting syndicate headed by Mr. Michael Payne and Employers Protection Insurance Services, a small specialist consultancy firm.

Remarks at the weekend made by Mr. Brian Raincock, managing director of Employers Protection Insurance Services, were considered offensive by Mr. Payne and he has considered taking legal action.

Mr. Raincock indicated over the weekend that he was removing insurance business from Lloyd's, because he found the underwriting arrangement "unsatisfactory." He was completing a new underwriting agreement with a consortium of insurance companies.

However, the initiative to leave the Lloyd's market was not taken by Mr. Raincock. Mr. Payne's syndicate cancelled the underwriting arrangements at the end of October because of the serious losses affecting the syndicate.

Claims outstripped premiums by two to one on the insurance business which indemnified employers against unfair dismissal claims brought by employees. Moreover, many of the claims arose soon after cover was arranged; and there were administrative problems in the running of Employers Protection Insurance Services scheme.

A joint statement is to be issued by both parties today. Mr Raincomk said last night: "I have the highest admiration for Michael Payne. I shall put the matter right."

## HOME NEWS

# Pocket TV to sell at £100

BY JOHN LLOYD

A POCKET TELEVISION, priced at about £100, was launched yesterday by Sinclair Radionics, the Cambridge-based electronics company in which the National Enterprise Board has the majority share.

The new set, called the Microvision 1B, is a smaller, lighter and cheaper version of the company's Microvision 1A—which is priced at nearly £200—but with the same two-inch diameter screen.

The 1B will receive only UK television programmes, whereas the 1A, which was aimed primarily at the U.S. market, and remains the first of its kind in the world, could be used over much of the world.

Deliveries of the set to retailers have begun and the company says that it should have adequate stocks for Christmas. The marketing strategy concentrates heavily on the Microvision's use in leisure activities, and in travelling.

# Small-scale computer also £100

By Max Wilkinson

FAIRCHILD, the California-based semiconductor company announced in London yesterday what it describes as the world's most powerful micro-computer with mini-computer capabilities.

It is called the 9940 Microflame, and includes on a single silicon chip the processing power of a computer many times its size.

It is designed to work with programmes developed for the Data General Nova series of computers. Fairchild and Data General are engaged in a legal dispute about patents and restrictive trading.

Dr. Thomas Longo, Fairchild's chief technical officer, said yesterday that the micro-computer would sell for about £100 in volume. He said this was equivalent to mini-computer parts, worth perhaps 10 times that amount.

# Burden of taxation 'must be switched'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ESSENTIAL steps in tax reform are to reduce the overall burden of taxation, to reduce the severity and, if possible, the number of taxes and to restrict their application, according to Lord Cockfield, a former adviser on tax policy to the Chancellor of the Exchequer in 1970-73.

Lord Cockfield, giving the annual lecture of the Institute of Fiscal Studies in London last night, said that the process of tax reform would be greatly helped by shifting part of the burden of tax from income to expenditure. It was in the present system of taxation of income that so many present difficulties originated.

He made a wide-ranging examination of the present system of tax in the UK, based on his 45 years of experience in tax administration in the Inland Revenue, in industry and in Government.

Tax levied had increased by nearly five times in real terms over this period and the proportion of national income taken in tax had more than doubled, he said.

## Chaotic

There were three main contributors to this trend—the growth of public expenditure, the use of the tax system as a tool of economic management and the use of tax to redistribute income and wealth.

In particular, the present system of company tax had been made chaotic by various special reliefs introduced for economic reasons, mainly to offset the effects of inflation on company profits and on the ability to invest.

These had at best achieved little and at worst might have been a distorting factor. There should be a return to first principles.

A start could be made "by agreeing on the rules for calculating profits in circumstances in which money has ceased to be a reliable measuring rod over a period of time and then levying tax on the profits so calculated at whatever rate may be deemed by Parliament to be appropriate."

"This would mean that a company was telling the same story to its management, its shareholders and the Revenue. There would no longer be, as so often there are at present, three different sets of accounts all telling a different story.

The rate of tax levied would be the true rate—and this would be clear to Parliament which levied it and to the companies which had to pay it.

"With the much broader tax base which would result, the rate of tax levied would obviously be much lower than the nominal rate at present charged. The first step in this process is to settle the rules for calculating profits.

"It is a tragedy that so far the accountancy profession has been unable to do so. The matter is of such importance that there may ultimately be no alternative but for Parliament to prescribe the rules."

Lord Cockfield also discussed the growth of tax over the last 45 years—primarily a reflection of the growth in public spending. There were clear indications of public resentment against the excessive level of tax.

"If Parliament, reflecting the views of the public at large, refuses to vote all the money required, there is an outburst of indignation and injured pride by the Government. The outburst of indignation ought really to be the other way round."

If there were a fundamental change in the attitude to Government spending, the implications for the tax system would be profound, allowing a decline in the real burden of tax.

Lord Cockfield said that there were inherent weaknesses in fiscal policy as a means of controlling the economy. Partly as a result of trade union pressures, it was more effective in stimulating consumption than in reducing it.

There was obviously great appeal in the arguments for fundamental reform contained in the Meade Report. However, at present the common ground which was a prerequisite of any agreed tax system simply did not exist in this country.

# London attracts 14 new foreign banks

FINANCIAL TIMES REPORTER

FOURTEEN NEW banks have arrived in London during the past 12 months, according to a survey of foreign banks in the City.

For the first time, the number of foreign banks in London has topped the 300 mark, the survey by The Banks magazine shows. There are now 308 directly represented, but the figure has been inflated by the inclusion for the first time of 11 foreign central banks represented in the City.

A further 87 commercial banks and financial institutions are indirectly represented through a stake in one or more of the 31 joint venture banks in London. This brings the total representation of foreign banks to 395.

The magazine also underlines the big increase in jobs provided by the foreign banks. Their employees have risen from just over 9,000 in 1968 to almost 29,000.

London's importance as an international banking centre is underlined by the fact that only seven of the world's top 100 banks have no representation there.

# South move planned by IBM

BY RHYS DAVID

IBM, THE computer group, is planning to move its scientific centre, from Peterlee New Town, County Durham, to Winchester, Hampshire, close to its other main UK locations.

The move, which will affect only 23 people, is nevertheless a blow to the North East which has been making strenuous efforts to secure modern scientifically-based industries, and, in particular, advanced electronics concerns.

IBM has made its decision because of difficulties posed by the long lines of communication from the plant.

It said yesterday that it had become increasingly necessary for the centre's staff to be in touch with head office in Portsmouth, with its research centre at Hursley, Hampshire, and with marketing in London.

The centre was opened in 1969 as one of eight in Europe charged with advanced research into new computer applications with special reference to national, social, economic and scientific problems.

Its mode of operations calls for partnership with outside organisations and, in particular, universities, local authorities and government agencies.

The move to the North East was made at a time when it was hoped a science park, similar to those developed in the U.S., would develop at Peterlee, but other companies failed to take IBM's lead and the hope did not materialise.

# Department proposes three-tier company disclosures system

FINANCIAL TIMES REPORTER

WIDE-RANGING proposals to amend the accounting and disclosure requirements of the Companies Acts will be announced in a new consultative document, to be published by the Department of Trade early next year.

Its chief proposals will include a three-tier disclosure system, based on company size, Mr. Brian Murray, assistant secretary at the Department of Trade explained yesterday. He said:

"The Department of Trade propose to publish a consultative document early in 1979 setting out proposals for implementing the EEC Fourth Directive.

"Since this will involve a complete revision of Schedule 8, it is intended at the same time to cover the implementation of the Green Paper, The Future of Company Reports, and to bring into the revised Schedule 8 a number of disclosure requirements at present covered elsewhere in the Companies Acts, in order to ensure that the new Schedule covers most if not all disclosure requirements.

"The fact that we propose, in revising Schedule 8, to go beyond the requirements of the EEC directive means that it will not be possible to use the standard method of implementing directives by Order under Section 2(2) of the European Communities Act.

## Problems

"Instead there are two alternatives: primary legislation for the whole operation, or the introduction of a wide enabling clause permitting the Secretary of State for Trade to cover valuation rules and audit in Schedule 8 and to make alterations to the matters to be covered in the directors' report.

"There are, however, timing problems, both in relation to the availability of Parliamentary time and in relation to other developments on company accounts.

"We would hope to ensure that, as far as possible, the revised Schedule 8 would provide sufficient flexibility to accommodate the promised CCA standard and that there should be as few further amendments as possible necessary when the EEC Seventh Directive on group accounts is adopted.

"The directive provides member states with a number of options, and the consultative document will deal with these. On certain of the options, the UK choice is clear: for example, we will certainly make a declaration under Article 33.1 to the Commission that we propose to permit or require valuations by the other methods specified there.

"We will also take full advantage of the provision in Article 37.2 relating to goodwill, which was inserted at UK insistence.

"We intend to take up, to a certain extent, the derogations allowed for small and for medium-sized companies, thereby introducing a three-tier system of disclosure, according to size of company.

"We are, however, not proposing to go as far as the directive permits in limiting the application of the directive to small companies. We will continue to require small companies to prepare a profit-and-loss account, and are not likely to decide to exempt such companies from audit.

"We shall, however, take full advantage of the provisions of the directive to deal with the position of dormant companies which, following the coming into force of the Companies Act, 1976, have been required to file audited annual accounts. We intend that in future such companies will only be required to file an unaudited balance sheet.

"There are some options, designed to meet particular problems in other member states, which we will not bring into our law.

"We are not proposing to adopt the Dutch practice, permitted by Article 57, of exempting subsidiary companies from audit and publication of separate accounts. Nor do we intend to import into our law the concept of Luxembourg holding companies, as defined in Article 5(3).

"But we shall provide for special rules and layouts for investment trust companies (Articles 5(1) and 60), take limited advantage of the derogations for shipping companies (Article 55(2)) and not apply the terms of the directive to banks or to insurance companies (Article 1(2).

## Flexibility

"The two major innovations which implementing the Fourth Directive will bring are, first, detailed layouts for the balance sheet and profit-and-loss account and, second, the elaboration of valuation rules in the law.

"Both these moves will introduce greater rigidity into our law; this is an unavoidable consequence of the EEC harmonisation programme. It is, however, intended to allow as much flexibility to companies as possible. This means that we propose to allow companies freedom to choose between the alternative layouts specified in the directive.

"We also propose to ensure that the valuation rules are drafted so as to permit companies to adopt full CCA accounting principles if they choose to do so.

"There will still, after the Fourth and Seventh Directives have been implemented, be plenty of scope for accounting standards."





# Christie's sport prints sale fetches £51,877

SALEROOM

BY ANTONY THORNCROFT

A TOPOGRAPHICAL and sporting prints sale at Christie's yesterday totalled £51,877, with a top price of £1,700 for a collection of Channel Island views, first published around 1740. The months of the year in flowers, after Peter Casteels, made £1,600, and Leamington Grand Steeple Chase after F. C. Turner, £650.

The Sotheby's European ceramics sale raised £25,945. A Hochst figure of a river god modelled by Melchior sold for £920 and a south German pewter mounted tankard of around 1800, made £380. At Belgravia, Victorian paintings totalled £30,419. A pair of rural scenes by Charles Passey sold for £800, and a pair of views of Surrey by Walter Caffyn went for the same price.

Silver and plate at Bonhams realised £37,824. A George III epergne by Herne and Butty fetched £2,100.

## LABOUR NEWS

# BOC workers reject 'final' 9% offer

BY PHILIP BASSETT AND NICK GARNETT

DRIVERS and cylinder handlers at British Oxygen's gases division have rejected a "final" guideline-breaching pay offer of 8½ to 9 per cent.

Union negotiators said meetings at a majority of the division's 46 depots had turned down the company's offer. A shop stewards delegates conference will be reconvened, possibly on Friday, to discuss their next move.

Manual workers at Kodak have, in the main, rejected the company's proposals for a productivity deal which was expected to yield 8 per cent on basic pay. But the 8,000 workers have accepted a 5 per cent increase in pay within Government guidelines.

About 25 of the British Oxygen depots had rejected the company's offer by last night, with only a handful of depots accepting. Further meetings are due today.

The 3,000-man labour force has been particularly annoyed at the productivity strings attached to the offer, which the company introduced during the last round of talks.

There is also considerable feeling that the size of the offer is too low although the drivers do not appear to be sticking firm on their demand for rises of up to 14 per cent.

Shop stewards warned yesterday that although they felt the company could improve on the offer, it might need industrial action to do it. A strike by the same group last year cost the company £5m and severely affected a large number of industries.

Union negotiators at Kodak expect the company to resume talks on its offer to manual workers after the final four mass meetings of the workforce made it clear that the company's productivity offer had been rejected.

Shop stewards, who had put no recommendation to the mass meetings, had made it clear they felt its productivity element was unsatisfactory. They believe the terms of the scheme, based on meeting company performance targets and on individual attendances, will have to be re-drawn.

Kodak negotiators told union representatives that the offer was the best it could propose under Government guidelines. A majority of the workforce rejected a strike call from union negotiators at earlier mass meetings.

Any increase in the offer to the company's manual workers is likely to have a knock-on effect for its 2,200 white-collar staff, members of the Associatin of Scientific, Technical and Managerial Staffs. They accepted the same offer, but included in their acceptance a re-opener clause to provide for further talks if any Kodak settlement went beyond the guidelines.

# Engineers plan vote on three-way merger

BY ALAN PIKE, LABOUR CORRESPONDENT

LEADERS OF the Amalgamated Union of Engineering Workers are proposing a new initiative to break the long deadlock over their plans to create a single union for the industry that might isolate the Communist-led white-collar staff section.

The union's four sections were brought together on a federal basis in the early 1970s. Repeated efforts to establish a fully merged union have failed amid disagreements over election of officials and future policy-making procedures.

However, Mr. John Boyd, general secretary, said yesterday that leaders of the foundry and construction sections had agreed to ballot their members achieving a full merger with the numerically dominant engineering section on a transfer of engagements basis.

The engineering section is to recall its rules revision committee, possibly before the end of this year, to prepare for the reorganisation, and the ballots will take place before the end of March. Mr. Boyd said that March 31 was the projected date for the new union to come into being.

If those arrangements go according to plan, the engineering, construction and foundry sections will at last have a common rule book and system of administration. TASS, the Technical, Administrative and Supervisory section, would remain the only surviving section of the old amalgamation.

Enthusiasm for keeping TASS in the AUEW has declined since the engineering section has come under the control of Mr. Terry Duffy, its new president, and other Right-wing officials. TASS leaders have said that if they agreed to complete the amalgamation on a transfer of engagements basis they would want assurances that similar arrangements were not used again in future amalgamations.

That reflects fears that the structure of the AUEW might be radically altered in the future to accommodate an amalgamation with the Electrical and Plumbing Trades Union.

# NUPE has action plan for low pay

By Pauline Clark, Labour Staff

THE GOVERNMENT will soon face a united demand from 1.5m public sector workers for pay increases far in excess of its 5 per cent guidelines.

Ambulancemen, water workers and university workers were all said yesterday to be completing claims which will add weight to pressure for a £60 minimum wage and a 35-hour week. This is in line with submissions already made by more than 1m local authority manual workers and 250,000 hospital ancillary staff.

Stressing the stand being taken by union negotiators, the National Union of Public Employees warned yesterday that there could be widespread disruption to public services if the Government rigidly applied its present phase-four pay policy.

Its executive council made clear that the union, which represents large numbers of low-paid workers in essential public services, was committed "to make a significant breakthrough" on low pay.

Unions representing some 24,000 university cooks, cleaners, doormen and other weekly paid workers are submitting their claim under a new national agreement made last year, when the Central Council for Non-teaching Staff in Universities was set up. Their wages are at present similar to those of local authority manual workers, whose bottom rate is £42.50 and whose weekly average earnings among full-timers are £64.65 for men and £46.52 for women.

The four unions negotiating for 18,000 ambulancemen, earning at present an average £51.80 a week with overtime, will decide the details of their claim next week. About one-third are said to do 10 hours overtime a week and 10 per cent to work as many as 20 hours extra.

Meanwhile, 33,000 water and sewage workers are also to demand a £60 minimum amid continuing negotiations on a regrading structure which was part of their settlement last year.

# BBC staff consider next move in pay fight

BY PAULINE CLARK, LABOUR STAFF

THE EXECUTIVE of the Association of Broadcasting Staffs, the BBC's biggest union, is to consider further moves today in its demand for a pay increase that exceeds the 5 per cent Government guideline.

The BBC insists that any settlement must be within pay policy. The five unions which represent 26,000 weekly and monthly-paid BBC employees, however, are seeking consolidation of previous awards and an overall five per cent rise.

Talks between union negotiators and management yesterday reviewed pay in the corporation. Both sides have expressed concern that rates are low compared with wages in independent broadcasting companies.

The corporation has appealed to the Home Office for BBC staff to be treated as a special case because of the effects the differential is having on recruitment and general standards. There has been no response.

The BBC said there was "immense concern" over pay and its effects on recruitment and morale. Matters were not helped by the Government's delay in responding to the BBC's application for a £30 licence fee for colour television.

The Central Arbitration Committee is considering a Schedule 11 claim under the Employment Protection Act for staff included in a CAC award to two big groups in the corporation last summer.

The corporation says, however, that the awards are unlikely to correct the anomalies that arose from the cut-off date for pay increases at the start of Phase One of Government pay policy.

# Work deaths total 270

ACCIDENTS at work killed 270 in the first six months of this year, according to figures published yesterday by the Health and Safety Executive. Nearly 170,000 more were injured.

The number of deaths rose by 14.2 per cent in the second quarter of the year, from 126 in the first three months to 144. The number injured in accidents rose by 2.19 per cent, from 83,950 in the first quarter to 85,794 in the second.

The building industry again leads the accident table. The number of deaths at work rose in the second quarter by 76.9 per cent, from 26 to 46, though the normal increase in building work in April, May and June would account for the rise. A total of 16,704 workers in industry were injured in other accidents.

# Train drivers to strike today

BY OUR LABOUR STAFF

RAILWAY commuters on the Southern Region face severe disruption of services today because of a 24-hour strike by drivers.

Drivers at Dorking, Epsom, Selhurst, Coulsdon and West Croydon were due to stop work at midnight in protest over the suspension of a driver for a day without pay.

British Rail gave a warning that services from South London, Sussex, and parts of Surrey into Victoria and London Bridge would be badly affected. Southern Region services in the south-western and south-eastern divisions are expected to operate normally.

Sir Peter Parker, British Rail Chairman, appealed to drivers yesterday not to carry out a series of threatened strikes in a separate dispute over bonus payments.

# Independent bakers face another endurance test

BY PAUL TAYLOR

BRITAIN'S 4,000 independent bakers—members of the National Association of Master Bakers—yesterday began another endurance test as they struggled to meet demand caused by the Bakers' Union strike.

Independent bakers usually supply about 27 per cent of the bread. The remaining lion's share is produced by Ranks Hovis McDougall and Allied Bakeries, who together took over the Spillers French bakeries when that group pulled out of the industry in April.

Daily consumption is 10.5m large loaves (8,223 tons), although this does not include rolls and smaller loaves.

Yesterday, as the bread strike affecting plants in England and Wales began to bite, queues built up outside some independent bakers.

The situation is not new. The association's members withstood several bread strikes, disputes or threatened disputes last year, including the 10-day bread strike over bank holiday working in September, 1977.

Then, as now, the independent bakers managed to produce 50 per cent more bread by working extra hours, and by making fewer cakes and biscuits. In this way, Mr. Morris Zimmerman, president of the Association, believes his members will be able to satisfy 40 per cent of demand.

A typical example of the impact of the strike on the small independent baker, Parker's Bakery in West Ealing, London, a family-run company, usually produces 16,000 large white loaves a day. Yesterday it was hoping to produce 40,000 loaves by stop baking fancy loaves and by working overtime.

Parker's, like many other independent bakeries, had laid on extra supplies of flour last week. Flour supplies to the independent bakers seem more secure than periods during the strike last year.

Mr. Zimmerman said last night that he had reached an agreement with Mr. Sam Maddox, general secretary of the Bakers, Food and Allied Workers' Union over flour supplies, but was unwilling to give details.

Most independent bakers are small family businesses with between one and 20 shops. In total, they employ about 40,000.

Yesterday the association, at the request of Mr. Roy Hattersley, Prices Secretary, recommended its members not to increase prices for the next two weeks, or the duration of the strike, whichever is the shorter.

Mr. Zimmerman claims this will mean squeezed profit margins for some independent bakeries because of extra wage costs and a reduced range. They will once again be going through an endurance test, he said. Were it not for these lost profits and the approach of Christmas which means bakers must hold back some stocks of ingredients, Mr. Zimmerman believes the independent bakers might be able to increase bread production during the strike still further.

CONFEDERATION OF BRITISH INDUSTRY CONFERENCE AT BRIGHTON

# Methven's freedom for industry speech rouses delegates

SIR JOHN METHVEN, in what many observers felt was his best speech in his 2½ years as Director-General of the CBI, received a standing ovation for his appeal for greater freedom to allow business to get on with regenerating the country's economic prosperity.

In a wide ranging speech, Sir John returned to one of the main themes that has emerged from the conference and attacked the abuse of power by some trade union leaders.

"I believe that the overwhelming majority of our workforce wants to act responsibly and moderately: but I have less faith in some of the union officials who claim to represent them," he said.

Sir John told delegates that union leaders must accept the responsibility for sticking with a contract. They should not duck-for-nought attitude in this highly competitive world."

Sir John's speech was not all gloom. He told delegates he was an optimist and a realist and that British business was good.

"After all, think of what we in trade and industry managed to achieve in spite of the militants who stir up strikes and disputes and break their promises and in spite of Government with their blacklists and sanctions and threats. Think what we could do with a Government which really backed British business."

Sir John also believed that the country was at a watershed, when future historians would say that it was about this time that Britain found a new role for itself. "The people of Britain decided that if they wanted to have a truly caring society, they had to have an efficient and prosperous one."

But his final comment

**The last day of the CBI conference in Brighton. John Elliott, David Churchill and Lisa Wood report.**

out of it to suit their own ends, "as at Ford where the strike began before the current agreement ran out."

He added: "There is nothing 'free' about a system based on broken bargains—unless it is free collective blackmail."

But Sir John told the conference that freedom from trade union tyranny was only one of a number of freedoms that the conference had advocated over the past two days. Like the theme in a symphony, Sir John said that the theme of the conference had been freedom from out-dated political dogma, blinkered bureaucracy interference and intervention and "the weary out-dated bitterness of our industrial relations."

He said politicians knew little about the working of industry or commerce and seemed determined to clip industry's wings. "Far from nourishing the goose that lays the golden egg, all too often in recent years politicians have seemed to like nothing better than to kick it up its backside."

The conference had also been marked by a desire for employers to assume a more positive role. "The days when we employers were quiescent and mute in the face of unfair policies have gone and Government and unions should know it," he said.

But while Sir John wanted to make clear that he was not attacking unions, he said it was his job "to warn of the summat- returned to the theme of the conference: "It seems to me that what we need to say to the Government and the people of this country is this: We will help to restore the prosperity and quality of life to the country if you give us the freedom to do so. We do not need anyone to orchestrate it for us. We've got the score and we will lead."

Mr. John Greenborough, CBI President, paid tribute to Sir John and praised his speech. He reminded delegates that although various differences had emerged from the conference, the CBI Council would bear these in mind when determining future policy.

## Britain could be 'industrial museum'

BRITAIN is in danger of becoming the industrial museum of the world, Dr. Bryan Lindley, chief executive and managing director of the Electrical Research Association, said at the conference.

"Unless the Government, with industry and the unions, develops and acts now with a real industrial strategy—not the short-term cosmetics applied by NEDO and the sector working parties—we can not disguise our ageing and obsolescent industries for much longer," he said.

# Broad hint to Tories on pay package

A broad pay policy package which shows a Conservative Party leaders how it is possible to combine support for the Government's 5 per cent pay limit and for a more flexible long-term approach was endorsed yesterday by the Confederation of British Industry.

On the final morning of its two-day national conference in Brighton the Confederation avoided clashes over whether or not it believed in rigid centrally determined pay norms or an economy left to the vagaries of market forces.

As a result, the conference, which was the second staged by the confederation, ended on a high note of united self-confidence and is likely to be repeated again next year, may be in Birmingham.

But not all the industrialists and small businessmen were completely happy with the outcome of the pay debate because they believe that the Confederation has still not moved far enough away from rigid pay limits and the overtones of the corporate state.

What the conference approved, with only about 20 votes against, was support for a flexible implementation of the Government's present limit, to be followed by the creation of a new national economic forum providing guidance to the Government on what could be afforded in the future.

Sir John Methven, director general of the Confederation, stressed how similar this economic forum is to the Conservative Party's ideas by quoting from the Conservative's policy document, "The Right Approach to the Economy."

With continued emphasis on how flexible any pay targets should be, the Confederation thus successfully straddled the gulf that split the Conservative Party to varying degrees at its annual conference a month ago. Now it appears that the Confederation and most Conservative leaders are, broadly speaking, backing the same ideas.

Sir John also diverted the conference's attention from possible splits on the issue by devoting much of his speech to a call for a new approach to "employer solidarity" in the face of union action. What this means has yet to emerge in detail, but ideas being canvassed include changing restrictive practices laws to allow employers to combine in self-defence, changing other laws on social security benefits and union operations, and suggesting that employers might refuse to pay out income-tax rebates to strikers.

Later, Sir John said the conference had been a success. He added that next week the CBI council would start to change its policy on industrial democracy legislation and develop a detailed view on electoral reform following the results of the last two days' debates.

It would also consider the question of next year's conference, possibly including an idea being canvassed by some senior industrialists that Cabinet Ministers ought to be invited to attend as observers.

# From confetti to a solid gold ring

THE CBI's policy of pay bargaining was endorsed by the conference in a low-key debate that failed to provide any of the expected fireworks.

Sir John Methven, CBI director-general, summed up the mood of the debate when he said that the policy resolutions advocated by the CBI "will show the world that we are practical people willing to be responsible."

Delegates endorsed the policy in two separate votes. The first vote, carried overwhelmingly, supported three resolutions.

1—endorsed the broad approach to the development of pay bargaining outlined in Chapter 7 of the CBI document, Britain means Business 1978.

2—called on the Government to consult publicly with all interested parties on necessary changes with a view to implementation by next August.

3—urged member companies and employer associations to review bargaining arrangements.

In the second vote, delegates supported "a pay target compatible with a further reduction in the rate of inflation provided it is not imposed as a rigid limit and with sufficient flexibility for companies to improve efficiency." About 20 delegates voted against the resolution.

Sir Campbell Fraser, chairman of Dunlop Holdings, opening the debate, suggested that "for a nation which is normally sane enough, we are bonkers on pay."

He said: "The extraordinary thing is that no nation has gone to so much trouble over so many years to find an answer to the pay question, but with such little success."

Sir Campbell said that the need was for a system which delivered not higher money wages but higher real wages.

"Such a system would give up confetti money for something with a solid gold ring to it."

The problem, he thought, was that the present system led to "leap-frogging and comparative claims chasing each other like mad things throughout the year.

Peter Parker, British Rail chairman, annd Mr. Campbell Fraser, chairman of Dunlop Holdings, find something to smile about in Brighton.

Sir Campbell returned to the theme on the opening day of the conference when he claimed that "far too many weapons are in the hands of all organised labour —or even unorganised labour."

He felt that employers' solidarity should help reverse the balance of power.

The CBI's proposals, he said did not attempt to build a perfect world embracing the virtues of every known system.

"They are put forward for approval because they have the merit of discipline, restraint and commonsense, and because they come from people who know the score in industry."

Several delegates made aggressive speeches on peripheral subjects such as the Price Commission—and strikers benefits, although not directly attacking the CBI proposals.

Mr. J. G. Porter, of the Engineering Employers' Federation, criticised the emphasis on the balance of power being in favour of trade unions. He urged delegates to put an end to their self-pity on this issue and to relish the battle to redress the balance of power.

Mr. Porter also criticised many employers for not acting in support of other companies faced with excessive trade union power. He said that for every strike won by trade union strength, two succeeded because of the timidity of employers.

Mr. R. E. Utiger managing director of British Aluminium, attacked the Price Commission— by implication if not by name— for its attempts to tell companies how to run their businesses.

He also criticised moves to link price controls with pay policy—arguing that price controls had little effect on inflation —and also attacked any moves to tighten up price controls as was being sought by the TUC.

Mr. Chris Walliker, Delta Metal, argued that sanctions should be imposed against unofficial strikers.

Mr. A. Devereux from Scotcross, also suggested that strikers' wives could do more to get their husbands to behave more responsibly.

In his summing-up of the debate, Sir John Methven said there were two issues at stake.

There had to be a restoration of the balance of bargaining power between employer and employee: and the excessive power of unions must not be abused. Sir John suggested that free collective bargaining could be a realistic alternative if several conditions existed. These included: firm control of the money supply: a determination not to provide funds to uneconomic concerns: adjusting the tax system: secret ballots, and a reduction in the legal powers given to unions in recent years.

He also said that employers had to support each other more when faced with union power. He told delegates that the CBI's proposals were essential if the country was to avoid "lurching from one pay round to the next."

In the short term, however, he acknowledged that the prime objective was to reduce the rate of inflation and that would mean pay settlements "around the 5 per cent mark."

But Sir John made clear once again that the Government would be foolish to hamper industry by "screwing down price controls."

# Exporters urged to go 'up market'

THE KEY for many UK manufacturers trying to boost their exports would be to go "up market," and produce higher-value goods, said Sir Peter Parker, chairman of the British Railways Board, and chairman of the Nationalised Industries' Chairmen's Group.

A lively debate followed Sir Peter's introduction to the session on "winning markets" in which delegates aired views on advantages and disadvantages of UK entry to the European Monetary System, the crucial and often inadequate role of marketing executives in industry, the need to become much more customer-orientated, and the overseas image of British industry.

The conference unanimously agreed the necessity to increase the UK's share of world trade at home and abroad, with prime responsibility resting on trade and industry. A second proposal agreed confirmed the need for business to improve its non-price competitiveness with the CBI taking active steps to stimulate an improvement.

Sir Peter said: "I want to stress the non-price competitiveness which is increasingly telling in world markets — especially so for some *sophisticated* products in which, I believe, we shall have to be specialising. The key in many sectors will be to go up-market to higher-value goods, and I would argue our competition should be more with the advanced sophisticated countries: not with, for example, Korea."

He said that the UK must sharpen its priorities in research and development, quality, design, delivery and after-sales service. These were the five senses of marketing. Sir Peter added a sixth, the quickening, venturing interest of sheer enterprise.

He said that what characterised successful British exporters was that they marketed, they did not just sell. Selling was a function: marketing was more a way of life. Forcing to the front of policy-making a consciousness of the customer, both at home and abroad, was doing industry a favour.

There were four key sets of relationships which should underpin British non-price competitiveness. The first was the relationship of suppliers and customers, so dangerously neglected in many sectors of industry. The second was that *management and unions should* be prepared to face up to developing a common commitment to winning back her markets and expanding exports. Thirdly, manufacturing industry must relate to the service industries much more closely: for example, the transport industries. Finally, he referred to the relationship of the private and public sectors of industry.

He said: "The sectors of the mixed economy are partners in enterprise in trading at home and overseas to an extent, and on a scale, which dwarfs the stunted political attitudes of 30 years ago." As a "mixed-economy man."

Mr. Peter Blood, of the Institute of Marketing, cast a chill over the delegates in his appraisal of British marketing techniques. He had just completed a two-week tour of UK industry and had found with some "honourable exceptions," that there was an almost total absence of marketing and corporation planning to be found.

He criticised the attitude of some companies in their marketing professionalism. Many companies employed executives who had no experience. One marketing executive had welcomed his visit, saying: "Now you can tell me what to do." Mr. Blood said:

# Callaghan ready for 'Camp David' summit on Rhodesia problem

BY IVOR OWEN

IF ALL THE parties to the Rhodesia controversy are willing to participate, the Prime Minister is ready to stage a "Camp David"-type summit in Britain aimed at achieving a ceasefire and the holding of free elections leading to the establishment of majority rule in an independent Zimbabwe.

He made this clear in the Commons last night when *Mr. Francis Pym*, acting Conservative Shadow Foreign Secretary, called for a new top-level British initiative to stop further bloodshed in Rhodesia and prevent a major catastrophe.

Mr. Callaghan indicated that he had already considered emulating the role undertaken by President Carter in promoting peace in the Middle East by bringing President Sadat and Mr. Begin together at Camp David.

But he had decided that the right conditions for calling all the parties concerned with Rhodesia to a conference had yet to emerge.

There could be no automatic guarantee that such a conference would succeed, he stressed.

"At the moment, I regret to say, I don't think either side is yet sufficiently willing to compromise to enable this last and final card to be played."

There were cheers from both sides of the House when the Prime Minister emphasised: "But I will take the opportunity if I see it."

Mr. Pym called for the Prime Minister's personal intervention after strongly attacking Mr. David Owen, Foreign Secretary, for his handling of the Rhodesia problem and urging a major new drive to build on the internal settlement reached in Salisbury in March.

But, to the annoyance of Tory supporters of Mr. Ian Smith, he announced that the Opposition would not oppose the continued imposition of sanctions against Rhodesia when the Order renewing them for a further year is voted on tonight.

In opening the debate, Dr. Owen dealt at length with the implications of the Bingham Report on evidence of breaches of sanctions by oil companies, including BP and Shell, and acquitted Ministers involved at the time of "complicity, deceit or double-dealing."

He stated that a decision on whether the Cabinet papers for the relevant period should be made available to any further inquiry would be reserved until the Government had had an opportunity of considering the ivews of those principally concerned—including two former Prime Ministers, Sir Harold Wilson, and Mr. Edward Heath—when they took part in the debate.

Mr. Pym was insistent that any further inquiry should be undertaken by a Parliamentary select committee and not by a tribunal.

The Foreign Secretary underlinde the fact that BP and Shell were not the only companies invalved in the events which led to oil reaching Rhodesia in the years which followed the imposition of sanctions in 1965 soon after the illegal Declaration of Independence by Mr. Smith.

"The Frenc hand American oil companies—Total, Caltex and Mobil—appear not to have been influenced, let alone controlled by their Governments."

The Government's exchanges with Shell and BP on the controversial "sanctions busting" issue were to be referred to the Director of Public Prosecutions, Dr. Owen told the House.

The reference had been made so that the DPP might consider it in conjunction with the relevant passages of the Bingham Report.

"I have also brought to his attention further material which has come to light relating to three "spot" sales of naphtha by BP Trading (a British-registered company) earlier this year to the South African state oil company or brokers understood to be acting for thta company.

"Where Castrol is concerned, in view of the reference in the preface of the report to that company the DPP will be already considering whether to investigate the matter further."

Dr. Owen said he had given Shell and BP formal notice of the Government's strongly-held view that no company should be involved in either direct or indirect supply of oil to Rhodesia.

He had received undertakings that any difficulty encountered by them should be immediately notified to the Government so that appropriate action could be taken.

It was now for the Government, the Commons and the country to face up to the implications of the Bingham Report. "There has been no cover-up. There will be no cover up."

Dr. Owen defended the continuation of the Beira patrol, widely condemned as "ineffective." Lifting the patrol would have cut the cost of alternative oil supplies to Rhodesia and amounted to a recognition of the regime.

"There was no practicable way of monitoring or controlling the flow of oil through Lourenco Marques without a major confrontation with South Africa."

Action was ruled out if it meant Britain facing economic confrontation with South Africa without the full support of other Western industrialised countries.

Even today, with the international climate far tougher towards South Africa and its policies, Britain and its Western allies still judged it to be far preferable, for everyone involved, to avoid confrontation.

## Embargo

Dr. Owen warned: "An economic confrontation, with sanctions over South Africa, may come. . . ." But this should not be relished by anyone with the interests of the people of Southern Africa at heart.

The refusal of Portugal and South Africa to apply sanctions had left a "gaping hole" in the blockade of Rhodesia," he added.

It was urgent to make sure that, whatever happened in the past, British oil companies and their subsidiaries were now playing no part whatsoever in supplying oil to Rhodesia.

DR. DAVID OWEN

Discussions were going on with Associated Octel, of which Shell and BP were major shareholders, about supplies to South Africa of a lead additive used to improve petrol quality, Dr. Ouwen went on.

The Government was detemrined to take every step in its power to make sure that while sanctions continued none of the companies concerned or their subsidiaries would ever again supply Rhodesia with oil.

"I hope that other governments will feel able to take similar action in respect of their own oil companies."

"I hope that other governments will feel able to take similar action in respect of their own oil companies."

## Success

It was South Africa that supplied the oil Rhodesia needed. Even if there was a total embargo on oil supplies to South Africa, it would only take full effect over a period of years.

"But sanctions could only be justified by a situation of the utmost gravity. Some understandably argue that we face such a situation now in Rhodesia. Others believe we have reached this situation over Namibia."

It was in the self-interest of the South African people that their Government should co-operate with the UN over Namibia elections and the Rhodesian settlement.

There were angry Tory shouts when Dr. Owen claimed: "The undermining of effectiveness of sanctions has fuelled the armed struggle.

"It would be totally wrong to argue that, because sanctions failed by themselves to bring about majority rule, the maintenance of sanctions was a waste of time or, as some have alleged, a farce.

"Sanctions have been a clear demonstration of a national and international resolve not to accept UDI and not to underwrite the régime's refusal to accept majority rule.

"To lift sanctions now would be to give up the one peaceful pressure we have for a proper negotiation at an all-party conference and to honour even the terms of the internal agreement of March 3."

"The real argument of many of those in this country who want sanctions lifted is that they do not want, and some have never wanted, genuine majority rule."

## Critical

The Anglo-U.S. proposals for a settlement in Rhodesia depended on agreement. If all the parties concerned agreed on alternative proposals neither Britain nor America would stand in the way.

Mr. Smith's regime asked what more could they do. "The answer is: 'Face reality, stop blaming everyone but yourselves. Stop ignoring the evidence of the widespread hostility to the internal settlement'."

The parties to the Salisbury agreement must now recognise the Patriotic Front would not be "bombed into submission."

"Launching offensive raids den into Zambia on the very day you at long last accept a conference is not the best way of ensuring success at such a conference." If a negotiated settlement was to be achieved everyone would have to compromise.

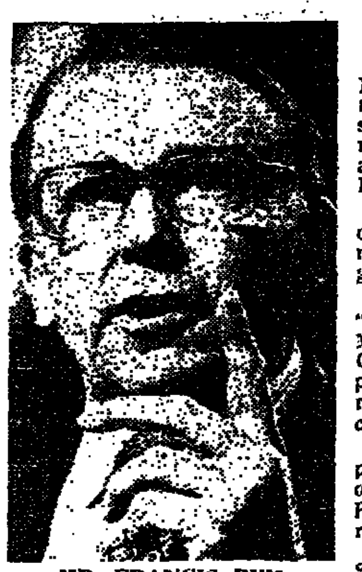
Britain would contribute fully to such a settlement but would not commit British troops or a British presence until there was a settlement and ceasefire and only as part of an international force. "We will convene an all-party conference the moment that we think there is a chance of success."

Mr. Pym said: "So much is at stake, so many mistakes have been made. If we do not handle it wisely now the consequences for us and the free world will be very grave."

Dr. Owen's remarks were "profoundly disturbing." "It seems to me he is asking everyone else to compromise except him."

Rhodesia was by far the most critical problem we faced internationally. The inescapable fact was that Dr. Owen's policies had led to failure to reduce the fighting, to start talks and to get a settlement.

"He has made matters worse and nothing in his speech today was helpful or constructive for for the future." The internal settlement was a big stride forward and had ended the struggle of black versus white in Rhodesia. But Dr. Owen had "shunned it"



MR. FRANCIS PYM

Dr. Owen had shown persistent bias in favour of the Patriotic Front, Mr. Pym added.

Mr. Pym did not wish to pass judgement on the Bingham Report but it had exposed the ineffectiveness of sanctions as a general policy.

"There must be no question of sweeping the findings under the carpet. It has exposed something which could be called a scandal, and calls into question the integrity of Government."

## Explanation

A Tribunal of Inquiry would be inappropriate. "Our preliminary view is that it should be a Parliamentary one. The issue is wholly political and the buck stops in this House. It concerns the relationship between Ministers and this House."

It was not satisfactory that Bingham should be debated as part of a general two-day debate on Rhodesia.

When Mr. Pym went on to ask for a fuller explanation of what happened at Kano, Mr. Callaghan intervened to say that it was not appropriate to give the details of the conversations between Heads of Government.

Continuing, Mr. Pym said he wanted a return to legality for Rhodesia but he was not sure that the idea of his colleague **Mr. Reginald Maudling** (C., Chipping Barnet) of a return to colonial status would work. It would arouse hostile feelines.

The way to get a return to legality was free and fair elections. That was the central objective, however, hazardous it seemed. The alternative would be catastroophic for everyone.

# Mason in Ulster 'killers' uproar

NORTHERN IRELAND Secretary Mr. Roy Mason found himself in the middle of a Commons row yesterday after remarks about lawyers who defended Provisional IRA terrorists.

He was heckled as he spoke of "people who have committed murder, conspired to murder . . ." going free on the streets.

Labour backbenchers shouted "disgraceful" during the Minister's key statement on the Government's decision to allow prisoners in Ulster to be remanded without appearing in court.

The order establishing the procedure, signed by the Queen on Monday, stems from the Prison Officers' refusal to accept remand prisoners into detention.

Leader of the maily Catholic SDLP, Mr. Gerry Fitt, (MP for West Belfast) protested furiously at Mr. Mason's statements and called for an emergency debate on the remand issue.

Against the background of a court walk-out yesterday by Northern Ireland lawyers, Mr. Fitt said the legal profession was "seething with anger" and were saying they would refuse to go into court unless their clients were available from prison.

Mr. Mason told him: "I am aware that those defence counsels who regularly defend Provisional IRA terrorists are seething with anger."

This annoyed many Labour MPs, and Mr. Fitt shouted: "It is a slur on the legal profession."

But Mr. Mason was not deterred. Because they wanted to be able to represent the terrorists in court, there was seething anger from a section of the legal profession, he said.

"I could not condone the release of terrorists from jail because prison officers would not receive them," said Mr. Mason.

One man on remand was accused of being responsible for a massacre in which 12 people died.

"What then of the anger of the Province if I decided to release people of that kind? I have got to accept harsh reality and face facts."

## Negation

Mr. Fitt criticised the decision to allow prisoners to be remanded in their absence.

"We have courts without juries, now we are to have courts without prisoners. It leads to the whole negation of the judicial system as we know it in the UK."

In his statement Mr. Mason called for prison officers in the Province to "recognise their responsibilities" and end their industrial action.

Mr Mason's initiatives in establishing Foyle Prison—and an Order-in-Council for remand hearings to be undertaken in the prisoners' absence, received support from the Opposition and Ulster Unionists.

The action of the prison officers in the Province stems particularly from their claims for an increase in their emergency allowance from £3 to £5 per day.

Shadow Ulster Secretary Mr Airey Neave said the Conservatives fully supported Mr. Mason's moves and asked what was being done to end the prison officers' action.

Mr. Mason said he preferred not to be drawn too far because talks were taking place with prison officers' representatives.

# PM silent on Ford sanctions

BY JOHN HUNT

THE PRIME Minister came under heavy Tory pressure in the Commons yesterday to say categorically whether the Government intends to impose sanctions on Ford's for breaking the 5 per cent guideline in its latest pay offer.

Despite repeated questioning by Mrs. Margaret Thatcher, leader of the Opposition, Mr. Callaghan refused to be drawn. He would only say that a decision would be taken "in due course."

The Prime Minister also made it clear he was unhappy about the way the strike decision had been taken by a narrow majority at a mass meeting of Ford workers.

He hinted that if the TUC showed interest, the Government woudl be prepared to legislate to introduce a secret ballot on strikes.

Mrs. Thatcher wanted to know if he intended to persist in the blacklisting of firms which broke pay policy or if he would adopt the TUC policy of putting price controls on industry in return for wage restraint.

Tersely, Mr. Callaghan replied that the policy laid down in the inflation still stands. Government's White Paper on There were howls of anger from Conservative MPs at this obvious attempt to sidestep the question. Returning to the attack, Mrs. Thatcher demanded to know whether he intended to apply blacklisting sanctions against Ford's.

Again Mr. Callaghan tried to duck the issue by telling her: Paper you would know the answer."

But the Opposition leader again repeated her question and pointed out that the White Paper made no mention of Ford's.

*Mr. Joe Ashton* (Lab. Bassetlaw) suggested that blacklisting could be abandoned only if Tory councils stopped putting up rents by more than 5 per cent, and if there were no price increases on petrol, private houses or TV licences. He emphasised that none of these increases had been caused by wages.

The Prime Minister told him: "There is no reason why rents should go up by extortionate amounts this year. Advice has been given to local authorities along these lines. I hope increases will be kept in single figures.

He also hoped that the rise in earnings would be within single figures. If we could keep pay rises within 5 per cent then—on present economic information—inflation would be down to between 5 and 6 per cent by the end of next year.

Mr. Norman Tebbit (Con., Congford) asked whether the Government would be blacklisting the TUC which had awarded its own staff a 60 per cent rise phased over three years.

MRS. MARGARET THATCHER

Mr. Callaghan replied that the Employment Secretary, Mr. Albert Booth, was inquiring into the TUC settlement.

There were Tory jeers when he added that he would not be harried at the Despatch Box about the question of pay restraint "even by the frenzied shouts of Mrs. Thatcher's friends."

Despite his protest, the theme was taken up by Mr. John Pardoe, Liberal economic spokesman, who was uneasy about the the way the Ford strike vote had been taken.

The Prime Minister agreed that it was not a very satisfactory way of conducting affairs, although there had been no protests when a similar mass meeting at Vauxhall's had voted to stay at work.

The Government had to be careful how it talked to the trade unions on these sensitive matters, as the last Tory government had got itself into such a mess when it legislated in this field.

But if the trade union movement said it would like the system altered by legislation, then the Government would respond.

## Memorial prize

DERVLA MURPHY, of Lismore, Co. Waterford, has been awarded this year's £1,500 Christopher Ewart-Biggs Memorial Prize for a book about Northern Ireland. Her book is described as "an original, balanced, illuminating record of present-day Ulster" and reflects the life of ordinary people in the province.

# Wilson tells 'how he found out'

BY JOHN HUNT

SIR HAROLD WILSON, the former Labour Prime Minister, told the Commons that the first he knew about the breach of oil sanctions was last April.

On that occasion, following a discussion programme which he had taken part in on the BBC, he had received a rther intemperate letter from Mr. "Tiny" Rowlands of Lonrho, he said.

Mr. Rowlands had told him that he must have known of the actions of BP and Shell and he had enclosed a number of documents purporting to support his allegations.

Sir Harold said that, according to some reports, one of the British companies had still been supplying oil on transfer arrangements to Rhodesia right up to four days before the Bingham Report on sanctions-breaking was published.

If that were so, then breach of sanctions had taken place under three Prime Ministers—a reference to himself, former Conservative Prime Minister Edward Heath and Mr. James Callaghan.

Sanctions - breaking had occurred, he said, under five successive Foreign Ministers and nine Energy Ministers. "I am perfectly certain none of these knew of any of these events," he declared.

There were repeated interruptions during the 50-minute explanation given to the House by Sir Harold.

**Mr. Robin Maxwell-Hyslop** (C., Tiverton) suggested that he should "send his dirty linen to the laundry" and let the House get on with the debate.

**Sir Bernard Braine** (C., Essex South East) told him that it was very hard to believe that neither he nor his senior officials knew anything about what was going on.

From the Labour benches, **Mr. Robert MacFarquhar** (Belper) said that even if there was no vast conspiracy there had been a grotesque error of judgment somewhere. He wanted to know where Sir Harold thought that error lay.

Sir Harold maintained that he had never seen a document describing a meeting between Lord Thomson, at that time Colonial Secretary, Foreign Office officials and representatives of Shell and BP, although this document had been sent to 10 Downing Street.

At this, some Labour MPs surrounding Sir Harold, suggested that this was "bizarre." Sir Harold agreed "It seems bizarre to me." He said that rundreds of documents, telegrams and despatches came in every week from the Foreign Office. But this particular document had not been highlighted in any way.

It had contained minutes of the meeting which mentioned the Shell-BP-Total oil deal, Sir Harold went on.

"The very text of the meeting suggests that there was very little realisation of the import of the disclosures."

However, if the importance of the document had been realised, the then Foreign Secretary, **Mr. Michael Stewart**, would have dropped everything to hurry round to number 10

In addition, the Attorney-General at the time (now Lord Elwyn-Jones, the Lord Chancellor) would have been as vigorous in taking action as the Government had now been in sending the Bingham report to the Director of Public Prosecutions.

All this would have happened, he said, if only the meaning of the minutes had been realised. The future conduct of every Ministerial meeting involving Rhodesia would then have been entirely different — "we would have been taking up these questions many years before."

# Zambia arms pledge

PRESIDENT KAUNDA does not support attacks on civilians from guerrilla bases in his country, **Mr. Callaghan** told MPs today.

He was replying in the Commons to criticism from some Conservative MPs of the Government's decision to send military aid to Zambia.

Mr. Callaghan, who had reported on his recent talks with *President Kaunda*, said he agreed that Britain should do what it could to help a fellow-member of the Commonwealth which had suffered severely from the effect of sanctions.

**Mr. Ronald Bell** (C., Beaconsfield) reminded Mr. Callaghan of the shooting down of a civil airliner and the massacre of survivors by terrorists.

He said Mr Callaghan should have protested to President Kaunda against the "ghastly barbarities mounted from camps in his country."

Mr. Callaghan: President Kaunda said he needed no convincing about the consequences of such attacks.

"It would be a matter of moral concern to him, quite apart from any aid we might offer and certainly in no sense as a bargain for the aid, that he would not and did not support attacks on civilians in this way."

The arms were intended for the defence of a fellow-member of the Commonwealth which had suffered an unjustified attack from the Rhodesian authorities, Mr Callaghan added.

The House of Lords was told Britain was pressing **Mr. Joshua Nkomo**, Patriotic Front leader, to co-operate in drawing up a register of children taken from Rhodesia into neighbouring Zambia.

**Lord Goronwy-Roberts**, Foreign Office Minister of State, said the British representative in Lusaka had been in touch with Mr. Nkomo's organisation.

"We hope that Mr. Nkomo would respond and his officers will co-operate in preparing such a register, bearing in mind the best interests of the children and their parents, many of whom have no idea where they are."

He was replying to questions in the Lords following a newspaper report last month that 100,000 African children had been abducted from Rhodesia—half of whom were now in Patriotic Front camps.

Lord Orr-Ewing said the issue needed urgent Government attention "to restore these children to their anguished parents."

Lord Goronwy-Roberts condemned "the sickening technique of abduction," but he pointed out that there had also been voluntary movements of children.

# Go-ahead for TSB business loans scheme

THE GOVERNMENT have agreed to the Trustees Savings Bank undertaking a pilot scheme of small-scale commercial lending, **Mr. Denzil Davies**, Treasury Minister of State, announced in a Commons written answer last night

Mr. Davies said that lending would be concentrated on small businesses in the main run by or partly-owned by existing customers.

"The maximum loan would be £25,000. The results of the scheme will be reviewed with the Government before a decision is taken on whether to extend the scheme."

Mr. Davies said the Trustee Savings Banks were moving to the status of competing on equal terms with the commercial banks and other financial institutions.

The banks were making good progress in strengthening their expertise and developing their services.

He added that proposals for a merger between the National Savings Bank and the National Giro had also been examined.

# Kidney donors 'ignored'

CASES OF potential kidney donors being ignored by surgeons were drawn to the attention of the Lords yesterday.

In his maiden speech during the Queen's Speech debate, **Lord Whaddon** said: "There is some reason to think that the noble offers of the holders of transplant cards are not in every case being taken up. "If this is so, it is a tragedy—a tragedy we must try to overcome.

"Last year there were some 2,000 people requiring kidney transplant operations in this country. Eight hundred received them, several hundred had to do without and for many, of course, this was a death sentence."

Lord Whaddon said it seemed certain that in a significant number of cases the cardholder's wishes when he died were being overlooked or even ignored.

"In some hospitals the surgeons concerned frankly have not gone ahead to approach the next-of-kin when the card-holder was dying."

He urged the Government to look at the pattern of cases from different hospitals, and to use their influence on surgeons to approach the next-of-kin

Lord Whaddon also advocated re-designing the red kidney card and making it a "multi-organ" donor card.

# Prisons improvement 'is key aim'

ONE OF the Government's central objectives is to improve prisons as rapidly as possible, **Lord Harris of Greenwich**, Home Office Minister of State, tolds the Lords.

Opening the Queen's Speech debate on home affairs, he said that some of the condition in prisons had at least provided part of theinclination for some of the industrial unrest.

"Inevitably in the time that crime has risen, the conditions of life in many of our prisons has deteriorated." Some 5,000 prisoners were still living three to a cell, and 11,000 two to a cell.

"But those statistics have little meaning until one has entered a small cell in one of our ancient Victorian fortress jails and seen, and even smelled the effect of these men living together in an oppressive claustrophobic atmosphere."

It was not easy to define the problems and describe them. There was no easy solution.

"The pressure of numbers in our obsolescent prisons cannot be swept aside by some easy administrative formula."

Lord Harris emphasised the need for spending more on prison buildings. No Home Secretary could agree to cutting his prison building programme.

On the issue of rising crime and the pressures on the criminal justice system and on the police, he rejected the idea of the need for doubling sentences or doubling the size of the police force.

But there was not the slightest reason to accept the consistently rising level of serious crime with weary resignation.

# Sproat attacks jobless pay rise

MR. IAN SPROAT (C., Aberdeen S) complained in the Commons that the unemployed were to be given a higher "pay rise" than was allowed to workers under the Government's 5 per cent limit.

Mr. Sproat claimed at Question Time that unemployment benefits would go up by 7.1 per cent next week after the review of the supplementary benefits system.

"A combination on the one hand of wages kept low and taxes high and on the other hand comparatively high social security benefits has disastrously undermined the incentive to work in this country," he said.

Directing his remarks to **Mr. Stanley Orme**, Social Security Minister, Mr. Sproat said: "It is grossly unfair that he will be giving a 7.1 per cent rise in benefits to those who do not work including those who have no intention of working while he is keeping the wages down of those who do work to 5 per cent."

Mr Orme commented that Mr Sproat's "attack" on the unemployed was to be deprecated.

"People who are out of work, the vast majority through no fault of their own, are entitled to State benefits and they have contributed to those benefits through taxation in the past," he said

Next week's increases would give a single person on supplementary benefit £12.45 a week and a married man with no children £25.50. "Perhaps Mr Sproat would like to live on that," Mr. Orme added.

# Boxing Day trains again

BRITISH RAIL is to run trains on Boxing Day again this year, but there will be no services—except for limited local trains in Glasgow—on Christmas Day

It said that receipts last Boxing Day had justified the re-introduction after a three-year gap.

# Ferry link with Poland

BRITAIN'S first passenger ferry link with Eastern Europe came into service at Felixstowe yesterday.

The Polish Baltic Line ferry, the Pomeranian, will sail from the Suffolk port every four days to Swinoujscie in Poland, calling at Copenhagen. It will carry passengers, cars, commercial vehicles and mail.

# The Management Page

EDITED BY CHRISTOPHER LORENZ

Barry Riley profiles Talal Abu Ghazaleh—a Palestinian who claims to run the largest accounting firm in the Middle East

# The accountant with the Middle East at his fingertips

"OUR relationship with Price Waterhouse is the most beautiful example of partnership between the Arab world and the Western world." So says the unrestrained Talal Abu-Ghazaleh, the Palestinian who has pushed his way in a meteoric career to the very top of the accounting profession in the Middle East, at the age of just 40. Now he is much more than just an accountant: he is a tycoon, expanding his financial services empire throughout the Arab world, and seeking to become an influential figure at the interface of the multinational companies and the Arab oil billions.

But during his rise to prominence Talal, as he is generally known, has attracted more than his fair share of controversy. The accounting profession is always liable to be suspicious (some would say jealous) of accountants who combine professional roles with notable business achievements.

Talal certainly enjoys the trappings of success. There is more than a touch of luxury about his cool, wood panelled office which has a panoramic view across the commercial district of Kuwait City to the Arabian Gulf beyond. He shrugs: "I have a problem with my competition—they don't like me."

In any case the Middle East is an area notable for troubled relationships between accounting firms. The big international firms have been keen to carve out positions in one of the world's major growth areas for financial services. But they have often proved unable to cope satisfactorily with local partners and local business practices.

Talal himself emerged from Saba, the Beirut-based firm which used to be the largest in the Middle East. Elected as chairman-to-be of Saba in 1972, he broke away in that year to form Talal Abu-Ghazaleh and Co., in partnership with Diraar Alghanim, a member of one of Kuwait's wealthiest merchant families. Saba reacted bitterly to the loss of many clients to the upstart firm, and called in a partner of Peat Marwick Mitchell to arbitrate in a number of financial disputes.

## Disbanded

Saba was involved in another split this year when after 18 years the joint associate firm Arthur Andersen, Saba and Co. was disbanded. The problem was apparently that Saba wanted only a loose arrangement, while Andersen were trying to impose the common standards and quality controls which characterise its world-wide operations. Saba has now entered into an association with Touche Ross, while Andersen has opened its own branch in Bahrain as the first step in a go-it-alone Middle East venture.

Deloitte Haskins and Sells is another of the international Big Eight to have dropped an Arab connection — terminating its relationship with the Amman-based Shair and Co.—in favour of building up its own chain of branches. Here again the Arab firm has quickly found a new international link, in this case with the McLintock Mann Lafrentz grouping. Meanwhile Andersen and Deloittes are seeking to emulate Whinney Murray, which has for many years been a strong independent force in the Middle East.

It was in 1974, when Talal's firm had become sufficiently established, that he entered into an association with Price Waterhouse. The joint firm Price Waterhouse Abu-Ghazaleh, was established and he was admitted as a partner in Price Waterhouse International. The links with PW are being strengthened. At present roughly 20 partners and managers from Price Waterhouse are resident in the Middle East (they come mainly from the UK but also from the U.S.). Within the next year another 20 or so PW personnel are expected to move into the joint operation. There will then be at least one PW officer in each of TAG's 23 offices throughout the Arab world.

But the accounting tie-up with Price Waterhouse forms only part of Talal's current plans. A key new development is the setting up of Arab International Projects Company, to provide project and investment advisory services. This itself has a non-exclusive link with the Paris-based Banque Arabe et Internationale d'Investissement. It will slot into place beside the existing accountancy and management consultancy interests.

Talal claims that his accounting firm is already by far the largest in the Middle East. "The growth is now in the field of project development," he says. "We are the only firm of consultants operating throughout the Arab world."

He explains that there is a need for an organisation which can do a complete file for a bank on an investment project. His group is now geared up to provide more than just financial advice to foreign investors. Its business services extend to the selection of joint venture partners and the arrangement of local representation for multinational companies. Finding the right contacts is invariably the key to doing successful business in Arab countries.

The expansion of his group has led to the need for a new structure. A new holding company is being set up, Talal Abu-Ghazaleh International. International lawyers have been deciding whether it should be domiciled in Jersey, Luxembourg, Switzerland or offshore in Bahrain.

Talal's connections are impressive. The links with the Government of Kuwait are close: two years ago, for instance, the firm took over the plum audit of the Kuwait Oil Company. He is also known to be friendly with members of the Saudi royal family.

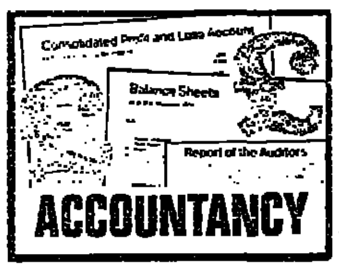
"We have a unique position in Saudi," explains Talal. "We

Talal Abu-Ghazaleh—"I have a problem with my competition, they don't like me."

are the only registered firm. Others are just individual auditors. No other firms can be registered unless the law is changed." There is no sign that this barrier against the other big accounting firms is likely to be lifted. At present TAG has three offices in the country.

TAG is obviously trading on its Arab character to strengthen its position in the Arab world. Yet it is also backing two horses in that it is forging closer links with PW in order that it can also tap multinational, predominantly western business.

The group's structure is carefully arranged to permit this. In the Arab countries the accounting operation trades as the all-Arab TAG. To international clients, however, it can appear in the guise of PWAG—both of these operations now being under the umbrella of TAGI. Despite these different trading names, the accounting side appears to be quite closely integrated.




For Price Waterhouse the relationship offers a way into the lucrative Middle Eastern market. To TAG it offers the international connections beyond the Arab world which a purely Arab company could not expect to develop easily. TAG also gains access to PW's training schemes and technical back-up.

But Talal has not been able to expand his empire so fast without arousing hostile responses from other accountants. Critics have alleged that some of his activities have not complied with Anglo-Saxon professional conduct in areas such as publicity and advertising.

It has been suggested that Talal should not have published under his own name his English-Arabic Dictionary of Accountancy, which came out earlier this year. In reply, he asks whether he should be expected to publish the book without mentioning an author.

Again, the charge of advertising is laid against his endowment of the Talal Abu-Ghazaleh Graduate School of business and management at the American University of Beirut. TAG is to meet the shortfall between the new school's income and expenditure up to a maximum of $10m spread over 10 years. In return the school is to take over the classroom training of the firm's auditing and financial and management consulting staff.

Talal himself graduated from the AUB in 1960 with honours in Business Administration. He maintains that the title of the graduate school was not his idea. "The American University of Beirut insisted that they give it my name—an Arab name," he points out.

## Distinguished

With obvious pride he produces a copy of Professor John Munro's recent history of the AUB. It is dedicated to Talal, described by Professor Munro as "one of AUB's most distinguished graduates."

Talal admits, however, that auditing standards in the Arab world do not match up to the best international practices. "Unfortunately there aren't generally accepted accounting standards in this part of the world," he says. "We have developed our own set of principles—a combination of U.S. and UK standards."

He claims that the standards are applied "to the extent that they do not violate the local laws." The firm's practices have been set out in a 400-page audit manual, newly produced for internal use after four years' work. In his foreword to the book Talal writes: "Much of the material in this manual is based on publications of Price Waterhouse and Co. adapted to our requirements in the Arab world."

For Price Waterhouse the question is how far it may have to bend its standards to fit in with this irrepressible Arab partner. The potential rewards are large, but it is not clear how PW can keep control of the expansionist Talal.

Certainly the management of TAG appears to be highly personalised by the standards of Western accounting firms. According to the group's directory the partners have a firm belief in the need for strong centralised management. The partners elect the chairman "and vest with him all the powers and authorities he requires to ensure the continuous development of the group."

The chairman with those powers and authorities is, needless to say, Talal. Is he an auditor or an entrepreneur? A compiler of dictionaries or a Mr. Fixit? It is the combination of all these roles in one person that makes Talal Abu-Ghazaleh such a controversial phenomenon in the accounting world.

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**BUSINESS PROBLEMS** BY OUR LEGAL STAFF

## Tax payable on stock option

**On June 25, 1973, my company gave me a stock option to purchase shares in an Italian company, the option being exercisable commencing 24 months after the above date in three instalments each for a third of the shares during each of the three years following the above commencing period. I never took up the option, because the purchase price of the shares after adding the foreign investment surcharge, would have been higher than the market value.**

**On May 9 this year the company offered to re-purchase the option from me, which I accepted. The amount in question for re-purchasing the option was £715.**

**Would you please advise whether this is subject to tax, and if so under what heading and what rate?**

On the bare facts given, you will be chargeable to income tax under Schedule E (at your top rate, in effect) on £715, under section 186(1) of the Income and Corporation Taxes Act 1970: "Where a person realises a gain ... by the assignment or release of a right to acquire shares in a body corporate obtained by that person as a director or employee of ... any other body corporate he shall be chargeable to tax under Schedule E on an amount equal to the amount of his gain."

## No golden handshakes

**Our business came to an end in 1972 as a result of the redevelopment of the district by the council and we now wish to wind up the private family company concerned. Is it possible for the two directors and owners of the company to give themselves a golden handshake?**

As the company ceased to trade about six years ago, there is no possibility of securing corporation tax relief for golden handshake payments made now—and in fact it is virtually certain that no CT relief would have been given if golden handshake payments had been made shortly before the trade was discontinued. There is no prospect of your being given retirement relief from capital gains tax on liquidation distributions, whatever your respective ages may be, because the Inland Revenue announced on August 6, 1976, that relief (under paragraph 2 of Schedule 10 to the Finance Act 1966) would only be given, by concession, in cases where the delay between the closure of a family company's business and the distribution of its assets to the shareholders was less than three years.

We suggest that you have a chat with the company's accountants, to see whether, for example, it will be possible to stagger liquidation distributions so as to mitigate the shareholders' CGT liabilities, under clause 35 of the Finance Bill (as amended in Standing Committee on June 7). On the other hand if the company was formed before Budget Day 1965, the accountants will have to bear in mind the Inland Revenue Press release of January 20, 1972, regarding the concessional practice available in cases where the period between the first liquidation distribution and the final one does not (significantly) exceed two years.

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

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# Why Spain will find it hard to shed the apothecary syndrome

BY A. H. HERMANN, LEGAL CORRESPONDENT

*THERE is one exception to the uniformly splendid accommodation of Spanish Government departments, some housed in impressive old palaces, others in modern office blocks. The exception is the Competition Commission. Its staff of four officials is housed in a building badly in need of redecoration.*

But much more than redecoration will be required to ensure enforcement of the 1963 Restraints of Competition Act should the much publicised changeover take place from the present.

The Competition Commission conforms to the way of life of a regulated economy, which consists of so many private or public monopolies. It can help a tanking station operator to defend its exclusive territory against the State petrol monopoly, or a departmental store in Barcelona to be allowed to sell food. But on the whole it is very timid. Its more daring pronouncement concerns the need for more competition in the oil industry and agriculture, two fields in which any attempts at free trade are bound to be frustrated by the oil monopoly in one and by EEC agricultural policy in the other.

This timidity of the Spanish competition watchdogs contrasts with the general intent of the 1963 Act. In this Act all horizontal and vertical price fixing agreements are prohibited. The same prohibition applies to vertical price maintenance by a firm in a dominant position on the national market or any part thereof. Resale price maintenance by a firm not in a market dominating position is not prohibited, but there is a general prohibition of retail maintenance for branded goods covered by trade marks registered in Spain.

The 1963 Act, however, has an escape clause which knocks the bottom out of it.

All the prohibited restrictive and price fixing agreements may be justified by the need to "relate supply to demand." This opens the door to legal production quota cartels. Other agreements which can be exempted are those protecting or encouraging exports, agreements concerning imports from foreign markets in which competition is not free and agreements likely to improve the situation in depressed branches of industry.

In applying the competition rules, the Government takes an extremely tolerant view of price fixing. This is understandable since in many sectors the maximum prices fixed by Government facilitate horizontal agreements or practices designed not to allow the price to fall under the official maximum.

The Competition Act requires the registration in the Register of Restrictive Practices of concentrations which result in the control of 30 per cent of the national market in a given product or service, or which include an enterprise already controlling that percentage. However, the concentration of enterprises into production units big enough for international competition is one of the main aims of the Government's industrial policy.

Will there be a change? The Spanish employers federation says that it wants the U.S. system of free market economy but no anti-trust agencies. Anti-trust, it believes, is directed primarily against "our friends" the multinational companies.

However, the real reason for fearing any measures curbing monopolies and restrictive practices is that in Spain both Government officials and businessmen are "institutionalised" by a predictable, regulated economy and fear the unknown dangers of a free competitive market. "The whole economy suffers from the 'apothecary syndrome'" said Sr. D. Carlos Bustelo, Under-Secretary for Commerce — a junior minister with a European outlook typical of the able new generation. The "apothecary syndrome" means that everyone expects to be assured of his own private market; for it to be protected by legislation similar to that which, since time immemorial, has laid down that there must not be more than one dispensing chemist serving an area with, say, 100,000 inhabitants. This principle has been applied in Spain right across the board

LOMBARD

# Opening an avenue to progress

BY COLIN JONES

THE ENVIRONMENTAL lobby has had a field day over the leaking of the Department of Transport's memorandum discussing whether there should be a public inquiry on lorry weights. The department has been made out to be, at best, devious and, at worst, in cahoots with the road lobby. The result will assuredly be to kill the idea of an inquiry stone dead. This is bad for the democratic process. It could also be bad for the environment—if one may distinguish between the interest and its self-appointed guardians.

It will be bad for the democratic process because the purpose of an inquiry, as becomes clear from reading the leaked document in full, would have been to "air in public and subject to rigorous scrutiny and questioning the case for permitting heavier lorries and the case against put by the environmental protection groups." Try as one can, it is hard to see what is objectionable about that.

True, the department hoped the inquiry would reach "a sensible conclusion in line with (its own) views." But there was a risk it would not. True, too, the memorandum suggested that the inquiry's fact-finding role would be subsidiary. But this was because "most of the relevant evidence is technical and already available."

## Self-evident

It is also true that the officials thought that the inquiry should not embrace wider issues, like lorry noise and safety generally, but should be limited to the specific issue of heavier lorries and their environmental effects—including, incidentally, such matters as damage to road surfaces, diversion of traffic from rail, and the case for reducing rather than raising maximum lorry weights.

Their overall aim, however, was "to open up an avenue to progress." The case for permitting heavier lorries seemed to them so self-evident that it probably only needed the rival arguments to be discussed in an atmosphere of dispassion and reason for prejudice to melt away and commonsense to prevail.

One trusts that this would have been so. Certainly, if the ban on heavier lorries is maintained, the result will be more lorries on the roads than would otherwise have happened and that surely would be worse. The last time the weight limits were raised was in 1964. By 1976 hauliers were doing 30 per cent more work with 10 per cent fewer vehicles than ten years earlier—to cite figures used the other day by the Price Commission, a body which can hardly be said to be a *friend* of the haulier.

As for the future, some calculations made by Dr. Clifford Sharp of Leicester University in *Living with the Lorry* illustrated the range of possibilities. Assuming a 3 per cent economic growth rate and an unchanged relationship between economic growth and inland freight movement, Dr. Sharp reckoned that if average lorry carrying capacities were to remain unchanged we could be faced with 1¾m heavy lorries by the year 2000, as against the present 570,000. If, on the other hand, average capacities were to grow by 2½ per cent a year (the 1958-70 rate was 3-4 per cent a year), the total might be ¾m. Even a doubling of rail freight traffic would make little more than a dent in these figures.

## Similar

The anti-lorry brigade have a point when they say that it is not so much more lorries as more *really* big ones that is the problem. But raising the weight limit from the present 32 tons to 38 tons or 40 tons would not mean bigger lorries. The dimensions of a 40-ton lorry would be the same as those of a 32-tonner. Nor would the 40-tonner cause more damage to road surfaces. Indeed, it could cause less. The crucial factor is axle weight, not total weight. With five-axle vehicles, the maximum axle weight would remain as now (10 tons).

There are other considerations. Tests show that heavier lorries need not be noisier or smellier. There would be savings in energy usage, and reductions in cost per capacity ton-mile. UK lorry makers would be able to build vehicles they could sell at home as well as abroad, and hauliers would be able legally to carry standard 40-ft containers fully loaded (which they cannot at present).

In short, this is an issue where economic and environmental considerations point to similar conclusions. In the past, the social and environmental aspects of transport planning were too often given short shrift. Too many motorways were built on the cheap in the urge to catch up with the long years of investment neglect. Now the pendulum has swung too far the other way. One should not blame the Department of Transport officials for trying to open up an avenue to progress—for refusing to go on sitting in their bolt-holes like rabbits frozen into immobility by the prowling hounds outside.

# Avoiding a restoration tragedy

## GARDENS TODAY

BY ROBIN LANE FOX

AS THE leaves fall, one tree returns to being much like another. Yet there has been no abatement in the elm disease this year.

"Tis done, and see. Backed by the sunset, which doth glorify The orange and pale violet evening sky, Bare on its lonely ridge, the Tree! the tree!" I imagine my children chanting Matthew Arnold in 10 years time as they look across a landscape once thick with old grey willows, elm and yellow sedge grass and see a single living sycamore, framed in its landscape, of unbroken winter wheat. The deaths of 12m trees in three years has still passed by those sheltered city gardeners with their may trees and double cherries.

Can anything be done? Trees are now too expensive for most private gardeners to bother to replace their dead elms unless they can plant on the scale of commercial forestry. Two or three new specimen trees are a tolerable burden. But we are losing those belts of elm which used to break up hedges and boundaries, stop farms from resembling prairies and edge distinctively the country roads. Nobody can afford to replace these. While clearing out such a belt along a small orchard, I found to my alarm that it had held no less than 24 elm trunks. How can these be cheaply replaced after their stumps have been killed off?

Oddly, the propagation of trees has never found much interest among amateurs. I can find no clear direction on the growing of trees from seeds, layers or cuttings in the usual guides to gardening. Yet like the working of marginal mines of gold, the raising of trees from your own stock is now a sensible field of effort. Unlike gold, the trees would also be a patriotic investment.

Some of the quickest varieties grow quite simply from cuttings. This surprises the innocent. There is not much point in buying poplars or willows from a nursery. Find one in another garden and merely trim off its youngest stems where they join an older trunk. Take a good length and bury it for some half of its length in a light open soil where you can water it in a drought. There is no reason why you should not place the cuttings where you want them to become trees. If they stand in rough grass that will not upset them so long as you clear a patch some three feet in diameter all round them, keep it clear and do not forget them in dry weather. Take the cuttings at any time, even now. You can grow your own line of trees in a few years for nothing.

Myself, I would look out for the silver poplar, still billowing in Home Counties' hedgerows, the scented Balsam Poplar, the charmingly pink and white speckled Poplar Aurora (colour only shows from May to July), the lovely grey willow and any of its red or yellow stemmed relations. These are all quick trees with wide root runs, spreading as far as the tree's height. Give them a year, well watered, in which to root and settle. Then there is no stopping them.

What about seeds? Here, I am pleased to welcome the so-called Heritage collection, newly devised by Unwins of Histon, Cambridge, and planned for sale all over the country. I cannot see that the Eucalyptus, the beastly Blue Spruce and the Judas tree have anything to do with my heritage, but the promotion is a good one. You can buy seed-packets of anything from Sycamore to Mulberry for under 40p. The Sycamore, of course, seeds itself like a menace, so it is not necessary to pay for it in a packet. But trees from seed are one obvious retort to our disastrous losses of elm. Some of those which Unwins are promoting and others which big seedsmen (Thompson and Morgan of Ipswich above all) have been selling quietly for years are now well worth attention. If you do not want the seedlings, you can pass them on or give them to the nearby landscape.

Only a huge tree-planting effort from Britain's gardeners will help stem the loss of some 12m elm trees.

Among the easily raised varieties, the Tree of Heaven (ailanthus) at 39p and the Silver Birch at 19p, both in Unwins scheme, would be good for beginners' morale. They come up like cress, despite the Tree of Heaven's curious seed shape. The Paper Birch, whose bark many prefer, would come from Thompson and Morgan instead. If you think the upright Tree of Heaven is dull, except in difficult places, set aside the seedlings for hard pruning as shrubs. They will give you long branches paired with exotic pointed leaves, a handy filling for any gaps in a border which may result from this dry autumn. If you must grow Eucalyptus, a similar treatment is advised. It grows like weeds from seeds. Thompson and Morgan can still sell you 12 varieties, of which I can vouch for lemon-scented Citrio Dora and the red-stemmed Polyanthemos. Such is the price of eucalyptus leaves at any florist's shop that it would pay anyone to sow a few for themselves.

Not that the eucalyptus outdoors is much of a substitute for elm. Here, I like the larch tree among the more rapid sorts of replacements. Sow it in February and it will soon be showing if you do not allow the seed to dry out. Unwins offer the common larch. Thompson and Morgan add a Japanese Larch whose rich red brown shoots are more exciting. Neither likes a frost when young. Except on chalk they will stand a poor site but are far better when given a leafy soil which does not dry out. At 20p a packet they are very good value.

These and other tree-seeds are best sown in early Spring. Of course there are always acorns in the hedges, though nobody yet seems to offer good seeds of the Scarlet and the Turkey oak. It is a slow business, unless you live in an acid and mild garden, where you could reap a quick return from the Nothofagus, or false beech, to be found, tantalisingly, in Unwins list. A good germinator, this is a rapid tree when suited. In a leisurely way, I intend to coax on these and other trees from seed for the future. They are not difficult. Few things slip on as fast as time and time is the only obstacle in this present game.

# Mount Tallant looks likely winner of Newbury hurdle

## RACING

BY DARE WIGAN

NATIONAL HUNT racing takes over from the Flat today with three meetings, at Newbury, Carlisle and Wolverhampton. Inevitably, with fitness at a premium, backers will tread cautiously.

Having said that, I shall be surprised and disappointed if Mount Tallant does not win the Seven Barrows Handicap hurdle at Newbury, in spite of his not having had a previous outing this season.

Similarly, I expect Approaching to outclass the opposition in the Lionel Vick Memorial Handicap chase, for I remember his emphatic victory over course and distance here at the first time of asking last year.

At Cheltenham, on October 11, Anthony of Padua cruised home by 10 lengths from Archbold, since when F. Walwyn's ex-Irish gelding has won again. It may be that he will continue on his way, rejoicing. But he is likely to have his work cut out to do so, for Archbold now has a 10 lb pull in the weights and is likely to be that much fitter.

The Tista, who goes for the Bagnor Hurdle (2.30) in preference to the Nuneaton Hurdle at Wolverhampton, is fit from the flat, having shown up prominently for a long way in the Tote Cesarewitch Handicap at Newmarket on October 21, and is a reasonably confident selection.

Up in the border country, Gordon Richards, whose stables are at Penrith, no great distance from the course, can take division one of the Ambleside Novices' Hurdle with Palace Royal and the Threlkeld Handicap Chase with Lord Greystoke, who performed by no means badly against the highly promising King Weasel at Wetherby last month.

Indeed, if Sun Lion jumps more quickly than he did when runner-up to Ireland's Owen at Market Rasen on October 20, it is conceivable that the first three prizes of the day will go to Richards and his stable jockey, Ron Barry.

NEWBURY
1.00—Misty Chimes
1.30—Approaching*
2.00—Mount Tallant**
2.30—The Tista***
3.00—Archbold

CARLISLE
1.15—Palace Royal
1.45—Lord Greystoke
2.15—Sun Lion
2.45—Three Visions
3.15—Fighting Fit

WOLVERHAMPTON
2.45—Grando King

## ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Ton't & Sat. 7.00 The Thieving Magpie. Tomor. 7.30 Iolanthe (final perf.). Fri. 7.30 The Tales of Hoffmann. "Enormously effective." Ev. Stan. 104 balcony seats available for all perfs from 10.00 on day of perf.

MAY FAIR THEATRE. 01-493 2031. From Dec. 18. Dly. 10.30, 2.30 and 4.00. SOOTY'S CHRISTMAS SHOW.

NATIONAL THEATRE. 01-928 2252. OLIVIER (open stage): Tonight 7.30 Tomor. 2.45 and 7.30 THE CHERRY ORCHARD by Chekhov trans. by Michael Frayn. LYTTELTON (proscenium stage): Fri. 7.45. Sat. 3.00 and 7.45 (low price prevs.). BETRAYAL new play by Pinter. COTTESLOE (small auditorium): Until 15 Nov. Nightly at 8.00 THE WORLD TURNED UPSIDE DOWN by Keith Dewhurst from Christopher Hill's book (perhaps not suitable for children). Many excellent cheap seats all 3 theatres...

ST. MARTIN'S. CC. Evgs. 8.00. Matinees Tues. ... 5.00 and 8.00. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST EVER RUN. 26th YEAR.

TALK OF THE TOWN. CC. Air-conditioned. From 8.00 Dining, Dancing. 9.30 SUPERB REVUE RAZZLE DAZZLE at 11.00 MATT MONRO.

THEATRE UPSTAIRS. 730 2554. ... Thur 7.30. Fri. and Sat. 5.15 and 8.45. Travers Th. Prod. of THE SLAB BOYS by John Byrne. LAST WEEK.

# TV/Radio

† Indicates programme in black and white.

## BBC 1

9.15 am For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 News. 1.00 Pebble Mill. 1.45 Over the Moon. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 The Hills of Heaven.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 It's A Knockout.
8.05 Secret Army.
9.00 News.
9.25 The Fall and Rise of Reginald Perrin.
9.55 Sportsnight.
11.15 Tonight.
11.55 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—10.00-10.20 am I Ysgolion. 2.18-2.38 pm I Ysgolion. 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Llangollen '78. 7.40-8.05 Tomorrow's World. 11.55 News and Weather for Wales.

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. Between 9.55-11.15 (Sportsnight) Scottish League Cup Football. 11.55 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on People in Northern Ireland. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

## BBC 2

10.20 am Gharbar.
10.45 Parosi.
11.00 Play School.
4.45 Open University.
5.25 News On 2 Headlines.
†5.40 Laurel and Hardy Showcase: "Laughing Gravy."
6.00 Animal World.
6.50 Michael Strogoff.
7.45 Mid-Evening News.
7.50 The Story of English Furniture.
8.15 The Money Programme, including launching of the British end of the European Small Business Award.
9.00 Midweek Cinema: "Far From The Madding Crowd," starring Julie Christie, Peter Finch and Alan Bates.
11.40 Late News.
11.55 Closedown (reading).

## LONDON

9.30 Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 Afternoon. 2.25 The Moneychangers. 4.10 Cartoon. 4.20 The Sooty Show. 4.45 Fanfare for Young Musicians. 5.15 Batman.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Side by Side.
9.00 Edward and Mrs. Simpson.
10.30 After the Hijack.
11.30 Late Night Theatre.
12.25 am Close: Wilfred Owen poem read by James Coyle.

All IBA Regions as London except at the following times:—

### ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.30 Chopper Squad. 12.25 am The Big Question.

### ATV

1.20 pm ATV Newsdesk. 4.18 Fat Freedom. 5.15 You're Only Young Twice. 6.00 ATV Today. 11.30 Inside Business.

### BORDER

1.20 pm Border News. 2.00 Houseparty. 5.15 Bernie. 6.00 Lookaround Wednesday. 11.30 Power Within: Glory. 12.25 am Border News Summary.

### CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Feature Film: "Eight On The Run." 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Arthur. 10.28 Channel Late News. 11.30 S.W.A.T. 12.20 am Epilogue followed by News and weather in French.

### GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 11.30 Barnaby Jones. 12.25 am Reflections. 12.[illegible] Grampian Late Night Headlines.

### GRANADA

1.20 pm This Is Your Right. 2.25 McCoy. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Mr. and Mrs. 11.30 Bluey.

### HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.30 The New Avengers.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Rydw'i am fod. 6.00-6.15 Y Dydd. 10.30-11.30 Whicker's World: India.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

### SCOTTISH

1.25 pm News and Road Report. 2.00 Women Only. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Elaine, the Singer of the Song. 11.30 Late Call. 11.35 Star Maidens.

### SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-Week (South East Area Only). 11.30 Southern News Extra. 11.40 Shannon's Mob.

### TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.00 Women Only. 5.15 Happy Days. 6.00 Northern Life. 11.30 In Concert—Barbara Dickson. 12.00 Epilogue.

### ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Bob Newhart Show. 11.30 Bedtime.

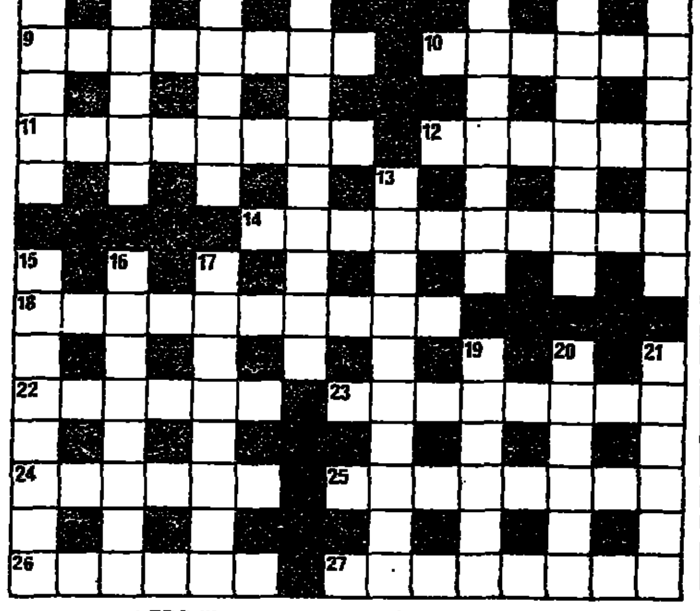
### WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Feature Film: "Eight On The Run" starring Bob Hope and Phyllis Diller. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 S.W.A.T. 12.20 am Faith for Life.

### YORKSHIRE

1.20 pm Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 Electric Theatre Show (profile of Roger Moore).

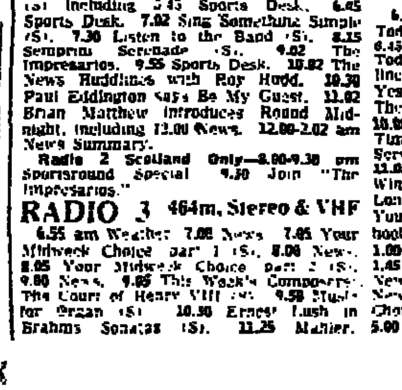
## F.T. CROSSWORD PUZZLE No. 3,817



ACROSS
1 Prevent one side making an obstruction (8)
5 Cost of maintaining top part of castle (6)
9 Aspire to move around in both directions as retaliation (8)
10 Laundress used to be possessive female (6)
11 The finest journey—on horseback? (8)
12 A Frenchman it's said could be lacking in virtue (6)
14 16 seductively (5-5)
18 Decorative title of book in examination (10)
22 How about everybody giving praise (6)
23 Recommend a barrister (8)
24 Turn or back in front of gallery (6)
25 Pub in unusual place, i.e. the highest point (8)
26 Wipe round receiver, it's dull (6)
27 Rose mounted (8)

DOWN
1 Writer with bed in the south-east (6)
2 Make objection to work and take up a stance (6)
3 Convent needs priority without it (6)
4 Fine partnership at Lords and wherefrom it may be seen? (10)
6 Childish companion is to take the part of ship's officer (8)
7 Heavenly oriental article with genuine finish (8)
8 Match a state of equity followed by all the Spanish (8)
13 Success with failure, being slipshod (3-3-4)
15 Anxious about different one in plot (8)
16 Remove material appearing in French article or 14 (8)
17 I'm taking beer from one who brings it in (8)
19 Sudden spring made by quiet cat (6)
20 Organised detectives using rank (6)
21 Story of a fool? (6)

Solution to Puzzle No. 3,816



## RADIO 1 247m

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30 Listen to the Band (S) (Joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

## RADIO 2 1,500m and VHF

5.0 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Sing Something Simple (S). 7.30 Listen to the Band (S). 8.15 Semprini Serenade (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Paul Eddington says Be My Guest. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 12.00-2.02 am News Summary.

Radio 2 Scotland Only—8.00-9.30 pm Sportsround Special. 9.30 Join "The Impresarios."

## RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice part 1 (S). 8.00 News. 8.05 Your Midweek Choice part 2 (S). 9.00 News. 9.05 This Week's Composers: The Court of Henry VIII (S). 9.50 Music for Organ (S). 10.30 Ernest Lush in Brahms Sonatas (S). 11.25 Mahler Symphony No 6 (S). 1.00 News. 1.05 pm Concert Hall (S). 2.05 Festival Recital (S). 2.55 BBC Symphony Orchestra (S). 3.40 French Chamber Music (S). 4.45 Building a Library of records (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Guido Cantelli at Carnegie Hall. 7.30 Alfred Brendel piano recital (S). 8.00 BBC Symphony Orchestra part 1: Lutoslawski (S). 8.50 The Representative Man: Schlesinger's Bobby Kennedy (talk by Esmond Wright). 9.10 BBC SO, part 2: Strauss (S). 9.55 Andrew Marvell: Ralph Richardson introduces and reads a selection of poems. 10.20 Othmar Schoeck: Elegy (Song-cycle) [illegible]

## RADIO 4

434m, 330m, 285m and VHF

6.00 am News. 6.30 Today. 6.45 Prayer for the Day. [illegible] Today's News. [illegible] Yesterday in Parliament. [illegible] The Living World. [illegible] 10.00 News. [illegible] ... programme news. 6.00 News. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lectures. 8.15 The Hitch-hiker's Guide to the Galaxy (S). 8.45 Nation to Nation. 9.30 Today in Synod. 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 An Actor in his Time. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

## BBC Radio London

206m and 94.9 VHF

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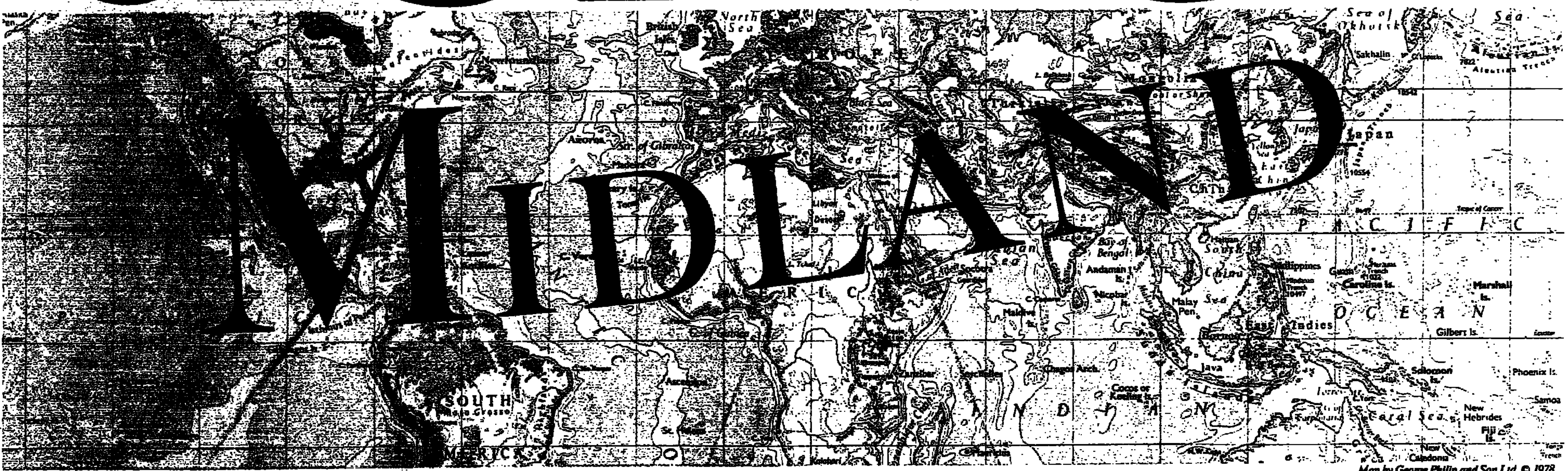


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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

## Electronic weighing on a big scale

ELECTRONIC weighing in industry is likely to gain further impetus following the development by Avery of the UK's first standard series of digital platform scales for heavy duty, presented in building block (modular) form.

Capacities are 200, 400 and 1,000 kilos and the platform weighers have been engineered so that the electro-mechanical section can be sited at some distance from the electronics, which incorporates digitiser and display.

Several options are available, including graduated and non-graduated taring systems.

Since most digital weighers in this class now in current use have been specially built, Avery expects its move to result in lower costs, shorter delivery periods and simpler installation.

Meanwhile, the new range exploits electronics to obtain high sensitivity and all weights are indicated to one 2,000th part of scale capacity. This means an accuracy between twice and four times better than an ordinary dial scale. Response is almost immediate and the reading is unequivocal so that the new units should go a long way towards eliminating service and/or processing operations wherever they are involved.

The digits used are large and bright enough to be read in practically any lighting over wide angles at up to 10 metres from the display. Direct indication of every weight is given up to full capacity.

In its standard form, the scale can be very easily integrated into process and control networks. Its digital weight signals can be read as binary coded outputs to computers, to printers or other equipment via a built-in socket.

Before each weighing operation the logic automatically checks that all display segments are working and shuts off the scale if any have failed. After weighing, when the load has been taken away, the digitiser automatically rebalances itself to true zero, ignoring minor bits of debris left on the platform, within certain limits.

An indicator shows when true zero is attained and a press key is provided for setting zero when the machine is first switched on. The display, much more compact than a dial, can be set up as much as six metres away from the platform.

Avery, which has called this new series the 3250CTE, operates from Smethwick, Warley, West Midlands, B66 2LP. 021 558 1112.

## Cardboard cartons pressed into bales

BULKY GOODS, domestic appliances and furniture are usually delivered to department and similar stores in cardboard boxes (some fabricated from corrugated card). Because of the slump in the domestic price of waste paper and cardboard most merchants now find it uneconomic to collect unprocessed boxes as transport costs are too high—stores are left with a considerable accumulation of cardboard boxes, often taking up precious space.

Many large retail and industrial companies, therefore, are beginning to find it profitable to install their own baling presses which reduce the volume of boxes and thus reduce the total area occupied by them, effectively creating adiditional productive space. The baling presses also increase the density of the material, making it more economic to transport.

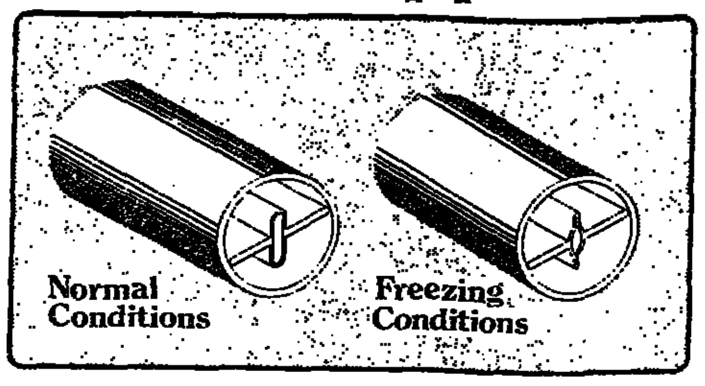
Designed primarily for the smaller waste paper merchants and major department and furnishing stores who wish to establish their own plant for compacting large waste cardboard boxes, is a compact hydraulic baling press, made by Personer Borlstad AB of Ystad, Sweden.

Known as the Personer LP 251, the machine has a large filling opening measuring 1100 mm x 2000 mm, a high press-force of 25 tons and a press chamber capacity, on first filling, of 1.54 cubic metres. It produces a wire-strapped bale measuring 1100 mm x 700 mm x about 1000 mm and weighing up to 400 kg. A mechanical bale ejector is fitted as standard.

Vanesco, 165, Garth Road, Morden, Surrey (01-330 0101).

● SAFETY

## Prevents burst pipes




SUMMER time, or so it seems, will be here till Christmas. But there are still many house owners who, this winter, will again suffer the miseries of burst pipes and flooding.

A British inventor has come up with a truly simple answer to the problem.

Because a pipe will burst when the water in it expands when the temperature drops and the liquid freezes, to prevent the pipe fracturing, this expansion of ice must be allowed for. It can be handled very easily by a plastic infill designed in a variety of shapes and sizes to fit inside metal pipes. The hollow infill will simply absorb expansion when the water freezes.

In the past similar solutions have been tested, but the materials used themselves became extremely brittle and burst when the temperature dropped below a certain level.

This particular infill has been formulated to ensure that embrittlement does not happen.

Further details from RAPSA, POB 27, Dartford, Kent. 0732 823281.

● INSTRUMENTS

## Monitors the mains

INFORMATION about any mains supply between 50 and 600 V AC can be obtained on a paper roll printer using the Model 3500 monitor put on the market by Erskine Systems.

The units enable any single or three phase supply to be measured continuously and the user can see, at a glance, all the undesirable disturbances that have occurred. Source or load transients are identified and the hard copy shows the value of the deviation, the date and the time to one second if required.

With its own uninterruptible power supply the unit can remain "alive" during power cuts of up to two hours.

Fast transients, over voltage and under voltage levels are accurately detected and recorded by the unit. Options that can be supplied include transient duration, direction, polarity, frequency error and under/over voltage duration. It is also possible to measure direct voltages while monitoring the AC line.

Threshold levels for the various measurements are set up from the front panel using a digital display.

Erskine is at Lee De Forest House, Eastfield, Scarborough, Yorkshire YO13 3DU (0723 583511).

## Keeps it on the level

UNAFFECTED BY such problems as particle size, dampness and clogging is a simple rotary paddle level control from The 30-98 Company of Burgess Hill.

It consists of a four-vane paddle wheel mounted on the shaft of a small AC motor with the body of the motor suspended in such a way that it is free to move through a small arc on the same axis as its rotor, against a spring.

Microswitches are mounted so that, as the level of the material in the hopper or bin rises, the resistance encountered by the paddle also causes the motor body to rotate, operating two switches one after the other.

The first of these operates level indication and control circuits and the second switches off the motor. When the material level falls and the paddles are again uncovered, the motor restarts automatically.

The unit is built to withstand arduous service and a variety of paddle designs caters for different materials and conditions. More from Victoria Road, Burgess Hill, Sussex RH15 9JZ (04446 43461).

● SERVICES

## Fast supply of excavator spares

CLAIMING TO be the biggest private user of Hy-mac equipment in the UK, hiring out excavators to major construction companies, is L and B Excavators. It has just launched a nationwide service, offering immediate spare parts supply to users of excavators, under the aegis of its newly formed company, K. C. Excavator Spares, Merton Bank Road, St. Helens, Merseyside (St. Helens 58751).

With an investment of over £300,000—including research, special storage facilities and £200,000 of parts—the company promises to supply spare parts, any of which can be made available to suit Hy-mac excavators, and engine spares for Ford, Cummings and Perkins, within 24 hours (anywhere in the UK) from less than half-price and up to 75 per cent less than those charged by the original manufacturers.

Because its parent company suffered delays and loss of profits due to non-availability of spares the idea of this "flying doctor" service came about, according to the new company's managing director, Dublin-born Alo Lawler.

The company claims to have built up a stock of 1,500 components, any of which is readily available. Parts are supplied by contractors (some already manufacture for original plant makers) and, following its anticipated advances in the home market, the company says it has a vast potential in the Scandinavian countries which favour the use of British excavators.

● POLLUTION

## Contaminants are removed

FISONS HAS spent something over £500,000 to update its treatment system for waste water at its Hauxton, Cambs, factory for the production of herbicides, pesticides and fungacides, basing the development on a three-stage activated carbon process evolved by Chemviron.

This has given the company what is thought to be the most advanced waste water treatment services in Europe, applied to the cleaning and polishing of all the process and site drainage liquors. The end-product is discharged to the river Cam with the complete accord of the Anglian Water Authority. It is also tested continually in tanks containing trout.

The plant has been extended to cope with up to 120,000 gallons per day, although half this amount is normally handled and it takes out all contaminants including cresols and the least trace of herbicides.

Discharged waste is first put through an activated carbon process to take out the bulk of the organic pollutants. A biological system follows, which rids the second stage waste of residual organics. Finally a further activated carbon system is used for the polishing stage prior to release to the river.

Carbon used is provided on a service/reactivation basis by Chemviron, which has a service station at Grays in Essex and is the largest producer in Europe of the material.

The carbon adsorption process relies for its efficiency on the highly developed pore structure of the material, calculated to represent an internal surface area of 1,000 square metres per gramme of material. This is where organic molecules are trapped and held as the waste flows through the beds which are of the pulse bed and fixed bed types.

An advantage is that the material is immune to attack by toxic substances.

● MATERIALS

## Chipboard from Hungary

A WOOD/CEMENT particle board called GRANYP, now being produced in Hungary, has been made available in this country via the UK agent Lignum International, 17 Johns Mews, London WC1 (01-242 2668).

The material is said to be superior in dimensional stability to normal chipboard, and virtually incombustible. (It has been fire tested here and received a Class O rating.) There is no asbestos content and it is extremely resistant to insect and fungal attack.

● TRANSPORT

## Tri-wheel caravan

MAKING ITS debut at the Earls Court Caravan Show (November 9-19) is a tri-wheel caravan chassis fitted with a 22 foot "Luxmobile" body and equipped as a hospitality unit.

The chassis has been designed and manufactured by Oldbury Trailers of Wednesbury, West Midlands and will be shown on the stand of Cooper Coachworks.

The design is arranged so that the total gross caravan weight is distributed between the main rear axle, which is set well to the rear of the chassis centre, and the front nose or castor wheel, in the ratio of 80 per cent to 20 per cent, provided that the load on the front castor is between 200 kg and 400 kg.

Because of this improved weight distribution and increased downward thrust on the nose wheel, says the company, road performance is greatly improved, with a virtual elimination of snaking, and a dramatically reduced effect from cross winds. With the nose wheel taking the weight, the load is ideal for towing.

The maker says, too, that because the axle is located further to the rear of the vehicle, reversing is a much less nerve-racking experience.

● ELECTRONICS

## Makes light of data storage

PHILIPS HAS introduced a completely new data storage medium which significantly out-performs current magnetic disc and tape based systems in storage capacity, speed of data retrieval and durability. It claims a world first with a tiny laser the system uses and the application of know-how gained in the development of the video long play system.

The equivalent of 500,000 typed pages can be stored on the double sided pre-grooved plastic disc that the system uses. A fast data retrieval time of, on average, 250 milliseconds means that access to data anywhere on the disc is practically instantaneous.

The discs used in the system are produced using techniques developed in mastering and replicating VLP discs. The discs have spiral tracks like those found on conventional audio discs but they are separated by relief headings, and there are many more of them—45,000.

Each track is divided into 128 sectors. A tellurium-based recording material is evaporated on the surface of the disc and two such discs are placed back to back, forming a sealed air sandwich construction.

The solid-state laser developed for the system can supply as much pulsed light output as a much bigger gas laser and its associated modulator. This light is focused through the one millimetre plastic sub-strate. It can either read, or by increasing the power, write (burn) data into the recording material by melting micron-sized holes. This data can be read in reflection afterwards. A light-weight optical reader which can move across the disc detects the difference between light levels coming from the reflective surface and the low level of light coming from the hole.

These high and low light levels are converted into electronic binary signals and thus represent data bits. The data is burned into any number of the 128 x 45,000 sectors each of which is identified by an address heading. The data and the address heading can be written anywhere on the useful surface area of the disc, thus providing the necessary random access facility.

Each of the 45,000 tracks on the disc has a depth of one-eight of a wavelength which enables the optical reading system to track along the pre-groove. At the same time it can find and read headings. The optical system is mounted on an arm driven by a linear motor, rather in the manner of the stylus on the arm of a gramophone. But the difference is that there is no contact between optical read and disc. An optical grating on the arm is used to bring the objects very quickly to within tracks of its destination. Track reading followed by sector reading then takes over.

The maximum time needed to move from inner to outer track is only 100 milliseconds so that at 2.5 revolutions per second the maximum access time to reach the equivalent of 5 magnetic disc packs is only 500 milliseconds. The system achieves virtually error-free retrieval of data by a combination of data modulation, inter-leaving of code words throughout a sector and a 20 per cent redundancy of the total area of disc. Some 99.7 per cent errors are thus detected and automatically corrected by the electronic error correcting system. The remaining 0.3 per cent are detected by the system and all the data in that sector is written in a new sector. This means, in effect, that the reading system is practically error free.

Marketing the system as a commercially available peripheral is still some way off and is heavily dependent on its acceptance by the market for various applications. But Philips expects that it could drastically change the concept of data storage as we know it today.

FINANCIAL TIMES SURVEY
Wednesday November 8 1978

# Denmark

**An unprecedented coalition, formed in August, is helping to meet a deep yearning among Danes for political stability. If the new Government can survive a threat of nationwide strikes in the spring, then the coalition could well last the two years until the next general election**

## A big test in the spring

By William Dullforce
*Nordic Correspondent*

DENMARK EMBARKED this year on a political experiment which, with a bit of luck, could provide the effective government and economic stability the country has lacked for most of this decade.

At the end of August, the Social Democrats formed an unprecedented coalition with the Liberals, breaking through a long-standing political frontier. The architect of this union was Mr. Anker Joergensen, the Social Democrat prime minister, but it was made possible by a change at the top of the Liberal Party, which brought a young economist, Mr. Henning Christophersen, to power.

Mr. Joergensen's action provoked bellows of wrath from the chairman of the Trade Union Federation (LO), Mr. Thomas Nielsen, and sparked off sporadic strikes.

Mr. Nielsen predicted that the coalition would last for no more than six months. To understand his reaction it must be realised that the Liberal Party (Venstre) by tradition leads the non-socialist opposition and offers the main alternative to a Labour government. In negotiating the coalition Mr. Joergensen had also abandoned the unions' demands for co-ownership in industry and for tax and housing reforms.

Mr. Joergensen offers a double justification for his unorthodox move—a potentially alarming economic situation and the constant difficulty of getting a splintered Folketing (Parliament) to sanction firm political action.

The 1973 General Election returned no less than 11 parties to the Folketing, including Mr. Mogens Glistrup's maverick anti-tax Progressive Party, which in the 1977 election became the largest opposition party.

For over three years the minority Social Democrat cabinet had stitched together varying majorities in the Folketing corridors to put through one unsatisfactory compromise after another.

### Worries

In September last year one of these compromises produced a national incomes settlement and an accompanying package of economic measures, which fell considerably short of the incomes policy the Social Democrat leaders had been seeking. The focal point for the Government's worries this year has been the country's payments deficit and the tremendous increase in the interest payments on the foreign debt, which had risen to over DKr 50bn ($10bn), or around 19 per cent of the Gross National Product.

Denmark's net interest spending has lifted sharply from DKr 1.9bn in 1976 to DKr 4bn or more this year and is likely to grow by a further DKr 1bn in 1979. Mr. Joergensen accepted his advisers' arguments that an increase in interest payments of DKr 1bn a year was intolerable and that a small country with little international political leverage was badly exposed, if it continued to run a payments deficit of the magnitude to which Denmark had become accustomed.

Devaluation was discounted as too risky, politically, too costly socially and likely to refuel inflation. But, if priority was to go to restoring the payments balance, the Government could do little about unemployment, which was running at over 8 per cent of the labour force, and would have to ensure that there was no increase in real incomes. In other words, it would both have to defy the unions and secure a safe majority in the Folketing for a tough stabilisation programme. The Social Democrats needed a partner, or partners.

If the economic justification for the coalition with the Liberals can be given a ring of inevitability, it nevertheless demanded considerable courage from Mr. Joergensen.

The bearded Danish Premier is a small man physically. He comes from a Copenhagen working class district, was orphaned at the age of two and is largely self-educated. He reached the top of the Social Democrat Party by the trade union route and then made a hash of his first term as Premier, after succeeding the sophisticated Jens Otto Krag. But over the past two years Mr. Joergensen's political stature has waxed greatly.

The coalition cabinet comprises 14 Social Democrats and six Liberals. It is in a head-on collision course with Mr. Nielsen and the LO. It gained a breathing space with its first crisis measures—a price, wage and profit freeze, an increase in value added tax and budget spending cuts—but the current national wage agreement expires at the end of March next year. Mr. Nielsen's prediction that the coalition would last no more than six months was in fact a threat and dramatic developments can be expected in Denmark in the spring.

The Danish situation offers several parallels to the British. A Labour premier, bent on stabilising the economy and holding down income rises, is trying to curb the power of the trade unions and to re-assert the political supremacy of the parliamentary party. Each premier has to cope with a minority of left-wing, trade union MPs who oppose his present policies, although each also has his allies among trade union leaders. Each is vulnerable to the accusation that too little is being done to stem unemployment. Neither can be sure of a parliamentary majority.

### Support

With 65 Social Democrats and 21 Liberals in the 179-member Folketing the Danish coalition falls just short of a majority even with the guaranteed support of a Greenland MP and an Independent. Last month, however, the Centre Democrats promised to vote for the government's economic measures and the coalition is more likely to be felled by an accident in the Folketing voting than by a concerted effort to defeat it. If it survives the first six months, including the spring climax when the LO may seek to mobilise nation-wide strikes, Denmark's new coalition could well last the two years until the next general election.

Mr. Joergensen's union with the Liberals is a remarkable coup in another respect. It effectively split the non-socialist opposition and forestalled any attempt it might make to form an alternative government. The question is why Mr. Henning Christophersen, the Liberals' new leader, co-operated in the coup. The answer is that it would have been difficult for him to come to terms with the other non-socialist leaders and the Liberals—which had their parliamentary strength almost halved at the last election—stand to gain more by playing the role of a responsible ruling party than by continuing as part of a seemingly feckless opposition.

Moreover, in the three-week negotiations preceding the formation of the coalition Mr. Christophersen showed himself to be a tough bargainer. Although compromises were made on both sides, the programme which emerged was close to Mr. Christophersen's own thinking on economic matters and committed the Social Democrats to enforce an incomes policy even more stringently than before. The understanding blocks the Social Democrats' lines of retreat in the confrontation with the unions.

The Liberals are at present thinking in a two-year perspective. If they share the credit for economic recovery, they can hope to rebuild their parliamentary strength at the next election, at which point they can reconsider strategy. Mr. Christophersen is certainly aware of the danger of slipping into a relationship with the Social Democrats similar to that of the FDP with the West German Labour Party, so there is no guarantee that the present coalition would extend into a new parliamentary period.

On the other hand, the coalition does apear to respond to a deep-seated yearning among the Danes for political stability. It could, for one thing, provide the answer to Mr. Glistrup. All efforts to undermine support for his anti-tax, protest party among voters have so far failed: it retains 12-14 per cent in the opinion polls. But many of these voters are thought to be expressing dissatisfaction with the ineptitude of the traditional parties rather than faith in Mr. Glistrup's policies and a demonstration of political responsibility by the coalition could win them back.

The Danes' disgruntlement with their present social and political situation was reflected earlier this year in the reception accorded to a book "Opprør fra midten" (Revolt from the centre) written jointly by a former leader of the Radical party, a university professor and a well-known author and philosopher. It became a best-seller, sparked off a debate in the media which is still going on and led to the formation of many discussion groups.

### Formula

The Utopian formula for a decentralised form of society, based on communes and a citizen's wage for all adults, which is outlined in the second half of the book, won a sceptical reaction. But the critical analysis of both Marxist and profit-orientated economies and of the prevailing party political system clearly struck a chord. It would be wrong to see the Social Democrat/Liberal coalition as a response to this restlessness among electors but it can be read as the political establishment's latest attempt to regain credibility.

One surprise in the cabinet was that Mr. Christophersen, the Liberal leader, chose to take charge of the Foreign Ministry, although he is an economist by training and has little experience in foreign affairs. But Denmark's membership of the EEC looms ever larger as a paramount factor in the country's economy and politics and as a small nation the Danes face the continual problem of how to exert influence within EEC councils. The record so far has been varied. It also demonstrates a growing divergence of policy from that pursued by the British with whom the Danes joined the EEC in 1973.

It is not that the Danes are fundamentally more pro-European but that their interests differ. Denmark has reaped big benefits from the common agricultural policy (CAP) which has boosted the incomes of efficient Danish farmers, so that, while the Danes accept the need for CAP reform, they are resisting any measures taken under the banner of consumer interests, which would reduce farm incomes. The CAP in fact has been a tonic for Danish farming, whose exports and revenues reached new heights last year.

For the Danish fishermen, on the other hand, EEC membership has so far been a big disappointment. They have been turned out of fishing grounds in Norwegian waters, are not allowed to catch herring in the North Sea, have been forced to reduce fishing in the Baltic (though that is not the fault of the EEC) and the British have excluded them from the "Norway pout box," one of the main sources for their fish meal and fish oil factories.

Denmark is the biggest fishing nation in the EEC in volume if not in value terms: in 1976 the Danes caught some 1.5m tonnes of industrial fish.

When Britain extended the prohibited area in the "pout box" it deprived the Danes of access to an area which had given them roughly 250,000 tonnes of fish a year. The Danish Government has been urging the Brussels Commission to take Britain to the EEC court.

Copenhagen also reads the present attempt to expand European monetary co-operation differently from London. The Danes remained in the existing European currency "snake," while others deserted it, in the belief that currency stability was a key element in fighting inflation and achieving domestic economic stability. They are, therefore, quite happy at the prospect of exchange rate co-operation being extended.

Denmark, during its presidency of the EEC in the first half of this year, in fact, contributed the framework which enabled Chancellor Helmut Schmidt and President Giscard d'Estaing to launch the new monetary scheme.

In other areas the Danes were less successful in promoting their interests during their six-month presidency. One objective—this time shared with the British—was to coerce more economic growth out of the West Germans:

CONTINUED ON PAGE III

**BASIC STATISTICS**

| | |
|---|---|
| Area | 16,629 sq. miles |
| Population | 5.07m (1976) |
| GNP | DKr 230.92bn (1976) |
| Per capita | DKr 45,546.351 |
| Trade (1977) | |
| Imports | DKr 79.637m |
| Exports | DKr 60.436m |
| Imports from UK | £801.368.000 |
| Exports to UK | £812.283.000 |
| Currency | £=DKr 10.395 |

# Wealth and worries

WHEN ONE talks to foreign businessmen and bankers about the Danish economy they tend to think of it as an economy on the brink of disintegration—unemployment is eight per cent, inflation is rarely single-digit, the current balance of payments has been in deficit for decades and the foreign debt is astronomical, they will say. They are nearly right on all these points, except that an economy which has become as wealthy as Denmark's cannot be altogether a mess, and despite all the crisis talk the country's Gross National Product (GNP) per capita in 1978 in dollar terms is likely to be the highest in Europe after Switzerland's, knocking Sweden, which devalued last year, and Norway, which devalued this year, from the other top spots.

When a Danish television interviewer once complained to the West German Chancellor, Helmuth Schmidt, that Germany ought to expand its demand more quickly to help Europe's unemployed, Herr Schmidt replied that the Danes had no need to worry. Their unemployed received considerably more in benefits than most Europeans were able to earn from a job (from January 1 the maximum unemployment benefit will rise to over DKr 73,000 a year, and it can be drawn for four years).

The reason for Denmark's rise this year in the per capita income league—twenty years ago it was in twelfth position—is that as a member of the European currency snake the country has successfully stabilised the trade-weighted value of the krone at 10-12 per cent above the pre-Smithsonian level and has resolutely avoided any real devaluation (as opposed to occasional adjustments against the Deutsche Mark within the snake). Like a glider on a thermal current, the economy has ascended without motive power of its own, but not without considerable skill on the part of the pilot.

Growth has sagged badly since the oil crisis, with the annual average GNP growth rate only 1.8 per cent from 1973 to 1977. This includes a 6.2 per cent burst in 1976, the result of a disastrous demand-boosting tax-reduction policy which caused havoc with the current balance of payments. Last year the growth rate was about 1.8 per cent, a bumper harvest helping considerably: this year GNP is unlikely to rise by more than about 1 per cent.

## Unemployment

But this unsatisfactory performance, with its high accompanying unemployment rate, cannot be improved upon by new exercises in demand stimulation. This could hardly be better illustrated than by the fact that the first act of the new SDP-Liberal coalition Government in August was to batten down the fiscal hatches once again with a round of tax increases and spending cuts, although the summer's indicators suggested that the economy was on a better path, with inflation down to an annual rate increase of under 6 per cent, the balance of payments current account improving and seasonally-adjusted unemployment falling for the first time for two years.

The reason for the Government's action was simple. Its own and independent forecasts indicated that in 1979 the deficit on the current balance of payments would once again deteriorate, and the issue of the current deficit and the associated foreign debt dominates the thinking of Ministers today.

It is an old and rather dreary tale. The current account has been in deficit in every year but one (1963) since 1960. In most of those years a long-suffering public has heard the Finance Minister of the day explain that new tax increases were necessary in order to bring about an improvement in the current account, but the deficits continued to run at an average of about 1.8 per cent of GNP until 1973, rising to a peak of 4½ per cent of Gross Domestic Product (GDP), at DKr 11.6bn, in 1976. It came down to DKr 10bn last year and should hit the Government's target of a reduction to DKr 7½bn this year, about 2½ per cent of GDP.

The net foreign debt is meanwhile close to DKr 60bn, or about 20 per cent of 1978 GDP. The public sector's net foreign debt at the end of August was DKr 29.5bn, costing DKr 3.8bn in servicing in 1979, which will rise to a provisional peak of DKr 6.6bn in 1981. There are no official estimates of the debt servicing cost for the total foreign debt, but it is certainly more than double the cost of servicing the public sector debt and probably amounts to 9 or 10 per cent of current account revenues, which this year will fall just short of DKr 100bn.

There are no signs that Denmark's creditworthiness has suffered from this heavy exposure, but the Government feels that the point has been reached when continued creditworthiness depends on performance. "We think that our creditworthiness is connected with out efforts to reduce the balance of payments deficit," as Minister of Finance Knud Heinsesen put in an interview with the Financial Times.

Mr. Heinsesen said that the Government wants to see a year-by-year improvement in the external deficit over the next few years. For 1979 it has declared that the deficit must not exceed DKr 6½bn. But even with a falling deficit the foreign borrowing requirement, public and private, will remain large, at around DKr 10bn a year, for some years to come in order to service existing debt, but Mr. Heinsesen said that he hopes it will be possible to stabilise the size of the foreign debt not only as a proportion of the GDP but in cash terms as well.

If the Government had not acted to cut demand next year its forecasts showed that real private consumption was likely to increase by 4-5 per cent and the current balance of payments deficit to rise once more to about DKr 9-10bn. A pension reform, the rise in real incomes as a result of slower price inflation, and lagging income tax revenue caused by a system of index-linking tax to the hourly wage index rather than the consumer price index were all contributing to the potential spending spree.

The Government increased the value added tax from 18 to 20¼ per cent from October 1, changed the income-tax indexation to the net consumer price index (i.e., excluding indirect taxes), and reduced 1979 spending plans. It now expects that private consumption next year will increase by 1 to 2 per cent, though that will be an improvement on this year, when little or no increase in real private consumption compared with 1977 can be expected.

## Investment

In the autumn of 1977 the then Social Democratic Government initiated a three-year programme designed to take some pressure off the unemployment situation by switching demand from import-intensive private consumption to public consumption and energy investment (especially housing insulation). But this has not stopped the total number of unemployed from rising from 159,000, or 7.6 per cent, in September last year to 179,000 or 8.3 per cent in September this year.

Part of the problem is that job frequency, particularly among women, has increased. Total employment has actually risen since 1973. The Government, however, no longer has any room for manoeuvre with a view to further employment-boosting initiatives.

Inflation has come down from its peak of about 16 per cent in mid-1974 to an annual rate of only 5.6 per cent in the six months to September, although the year-on-year average increase in consumer prices this year will be about 11 per cent, the same as last year. The Ministry of Finance forecasts an increase in consumer prices in 1979 of only 6½ per cent.

A main factor in the improvement this year is the fall in the index of imported raw materials by 4½ per cent over the past 12 months. With domestic incomes likely to increase by about 10 per cent for the second year running the pressure of domestic costs has not slackened off significantly.

Progress in 1979 will depend to some extent on the outcome of next spring's collective bargaining. While the Government is talking about its incomes policy, it is not revealing what it means by these words, except to say that both the unions and the employers will be invited to tripartite talks. The Government may have some goodies to offer the unions in return for wage restraint, but the impression is widespread that it will not offer very much and will let the unions and employers fight it out among themselves, even if it means a major strike.

The main unions have made demands amounting to 20-30 per cent on hourly wage costs, including a cut in the working week from 40 hours to 35 hours and longer holidays. The employers are demanding a wage cut and an end to wage indexation. The two sides have not been so far apart before since 1945.

The authorities are backing their fiscal and incomes policy with fairly tight control of credit expansion. The increase in the M2 money supply was 6.5 per cent over the 12 months to August (but because of a switch since the spring of money from bank deposits to short-term Government paper, which is not included in the money supply, the figure is too flattering. M1 rose by 13.9 per cent over the same period).

Mortgage credit is rationed and bank advances are subject to a ceiling on loan commitments, which for some years now has been adjusted upwards by about eight per cent a year.

Although the Government has been forced to abandon any attempt to boost demand as a cure for slow growth and high unemployment, the economy in 1979 will perform rather better than this year, according to the available forecasts. Private consumption, as already mentioned, is expected to rise by 1-2 per cent, business investment to pick up slightly to rise by about two per cent, exports will for the second year running increase by about 4-5 per cent and public sector consumption and investment by about two per cent. This will lead to an increase in the real GDP of two per cent or perhaps a little more, with imports, which will show no increase this year, rising by about two per cent as well.

This will not bring about a reduction in unemployment, but consumer prices increases ar expected to moderate between 6½ per cent (govern ment) and eight per cent an wage incomes from about 1 per cent to 8-9 per cent, depend ing on the outcome of the wag negotiations, which even if the generate no new wage increase will not seriously reduce th rate of wage increases unt later next year and in 1980.

**Hilary Barne**
*Copenhagen Correspondei*






مكتبات الأصل

# Industrial vigour

*"DENMARK DOES not have the sort of industries that have tempted the authorities of other nations into neo-mercantilistic ventures: no huge, uniform sectors of mass production; no giant installations planted firmly atop coal or iron mines; no electrochemical industries concentrated around an ample supply of hydro power; no massive pulp mills with roots in expanses of giant forests.*

*"Danish industry is different. It is made up of many small and medium-sized companies, frequently turning out a narrow range of purpose-designed products, forced by the whims of the world market constantly to seek new, untried possibilities, adapting to changing patterns of competition, to breakthroughs in technological development and to new consumer habits. Devoid of natural resources, Danish industry has developed the way it has because it has nothing to offer the world but initiative, hard work, good business sense, and a well-qualified labour force."*

This quotation from "the case for industry," a pamphlet published earlier this year by the Federation of Danish Industries, both sums up neatly the special nature of Danish industry and hints at the passion with which its exponents hold to the principles of free trade. The pamphlet is a reasoned polemic, calling public attention to the discrepancy between the growth demanded of industrialists and the conditions under which they have had to work in recent years.

Unlike many such pamphlets, this one may not have been written in vain. The new coalition Government promises to pursue policies much more favourable to industry.

"We want to provide the best possible conditions for the production section," Prime Minister Anker Joergensen said in the Government Programme presented to the Folketing (Parliament) last month. As an earnest of its intentions, one of the first acts of the Government was a DKr 1bn lending scheme allowing exporting companies to finance capital investments on softer terms.

Present Danish industry can be presented as strong and healthy or inadequate and ailing, according to the standpoint from which it is observed. From countries with major industries operating at shattering losses and dependent on state funds to survive, Danish industry has an image of viability and vigour. In Denmark there is little state ownership, the market economy on the whole prevails, companies get minimal state support and as a result those that survive are *ipso facto* competitive.

Nor is Danish industry suffering from severe structural problems besetting some of its neighbours. Worst hit is the shipbuilding and ship repair branch, which is dealt with elsewhere in this survey, and the steel business, which employs only some 2,000 people and offers the only instance of state subsidy.

*From the national economic* point of view, however, Danish industry is a structural problem in itself and is insufficient. This may seem to be a surprising statement about an industry which from 1947 to 1975 quadrupled the volume of its production, multiplied its value by 12 and replaced farming as Denmark's main exporter. Industry now accounts for over two-thirds of the value of Danish exports and over half its production is sold abroad. The structural problem lies in the fact that over the same period, 1947 to 1975, spending on Denmark's public services increased 41 times.

The *competitive output of* Danish industry is simply too low to support the burden of the social superstructure built up largely during the 1960s. Since the beginning of that decade employment in the public sector has grown from roughly 150,000 to 600,000. At the same time the number engaged in farming has dropped from 400,000 to 100,000, while maintaining the same level of production. And industrial employment after hitting a peak of around 423,000 in 1974 is now down to around 365,000. Productivity has continued to increase rapidly even during the world economic recession but total industrial production is inadequate.

## Inadequacy

Another measure of this inadequacy is Denmark's payments deficit, which has so far remained intractable even to an export effort which markets over half the nation's industrial output abroad. To balance Denmark's payments in 1976 industry would have had to export 50 per cent more than it actually did, which would in turn have necessitated a total industrial output some 20 per cent higher than the level actually achieved. The problem can be boiled down to the familiar one of cost, investment and profit levels.

The Federation of Danish Industries calculates that Denmark has the world's highest cost level, when measured as a combination of wages plus the interest costs for the investment required in each new job. Between 1970 and 1975 the Danish industrial worker averaged a wage increase of 95 per cent, or 30 per cent more than was justified by the improvement in productivity. Since the mid-1960s Danish interest rates have doubled, partly as a result of a deliberate official policy of maintaining high domestic rates, in order to *encourage companies to borrow* abroad.

At the micro-economic level of company finance the effect of these developments has been a fall in industrial investment between 1960 and 1976 from nearly 20 per cent to roughly 10 per cent of total investment—a halving of the portion of income going to dividends, a decline of 20 per cent in the share put into the reserves and a drop of nearly *one-third* in the average equity-to-debt ratio.

This scenario is generally understood at the political and administrative levels: it has led to considerable discussion about the kind of policy needed to correct the situation, the divergence being chiefly between those who would like a programme of selective State support and those who want the introduction of general measures favouring industry as a whole.

Industry itself has argued persuasively that for a country with such a high proportion of industrial exports it would be suicidal to resort to a centrally directed economic structure.

It has Denmark's free trade traditions in its favour and its case can be expected to receive an even better hearing now that the Liberals have joined the social democrats in coalition.

The Government has already reiterated its commitment to fiscal policies which would hold down incomes, cut industrial costs and improve the competitive position of the exporting companies and import-competing branches. The price for this line of action has been some 175,000 unemployed and small promise of any improvement in that figure in the near future. But the Danes believe their drive for long-term industrial growth will finally meet the interests of the jobless more satisfactorily than the seemingly more humane measures of, say, the Swedes, who have nationalised failing branches and subsidised companies to maintain employment.

The corollary to Denmark's philosophy is a fierce attitude towards other nations' State subsidies to industry. There is no more enthusiastic supporter of the EEC Commission's attempts to preserve free trade principles within the Common Market.

Although they have problems in gathering evidence, the Danes have pressed home complaints of discriminatory practice against Dutch maritime equipment suppliers and against the interest subsidies provided for British producers of offshore oil equipment. This time in collaboration with British producers they succeeded, earlier this year, in halting Swedish exports to the EEC of subsidised chipboard products.

The *immediate outlook* for Danish manufacturing companies is fairly promising although some time will have to elapse before one can be sure that the speed-up needed in overall industrial growth is coming through. The Financing Institute for Industry anticipates a 14 per cent increase in turnover this year for the companies on its books and a return towards the 1976 earnings level of close to 11 per cent, expressed as the ratio of operating profit after depreciation but before interest items to total capital. This ratio dipped to 9.4 per cent last year.

Mr. Ove Munch, managing *director of the Federation of* Industries, believes that the current cost-cutting, export-promoting policies must be complemented with a drive to turn education at the universities and technical institutes more towards the needs of Denmark's typical "niche" branches, electronics, chemicals, pharmaceuticals, measuring and control equipment and the agro industry in general. A typical Danish exporting company will have a large share of a relatively small component segment, or "niche" on a specific foreign market.

Examples are the DISA company's automatic moulding *machines for engine blocks* which are used by most big car manufacturers. And, at another level, the stereo equipment, radio and television sets of Bang og Olufsen, which sell on design and technology.

## Issue

On a larger scale there is Novo Industri, the pharmaceutical and biochemicals company which this year became the *first Danish concern to launch* a convertible Eurobond issue and also had its shares listed on the London Stock Exchange. Novo makes as *much* as 96 per cent of its sales outside Denmark. *It is the world's second* largest manufacturer of insulin and is probably the market leader in the production of enzymes.

The Danes make several products which hold over one-third of a particular world market. The "niche" philosophy is natural for a country with a high cost level and no raw materials, and which has to concentrate on making goods with a high added value. This type of manufacturing and marketing puts a premium on product renewal and the investment of risk capital in research and product development.

**William Dullforce**

# Test CONTINUED FROM PAGE 1

the lack of take-off in the German economy is holding back Danish industrial exports.

The Danes failed in their attempt to get the EEC to adopt a common energy policy. They proposed a package which would have boosted the use of coal by power stations, produced a plan to deal with the over-capacity in oil refining and provided funds for both alternative energy projects and more oil exploration. They got nowhere, principally because they received no response from the Germans who would have had to finance most of the programme.

One minor success achieved by the Danes this year has been to activate the Brussels Commission against infringements of its rules for state industrial subsidies.

The Danes oppose subsidies to the steel industry and believe that in this instance they will have German support.

On the wider issue of general industrial policy, however, Denmark has not been able to influence EEC thinking. Despite the evidence from public opinion polls that the Danes are less enthusiastic about the EEC now than they were at the time they joined, Denmark is solidly committed to Europe and the Danish Government is as active as the representatives of a small country can be in making the EEC work

# Major changes in banking

THE DANISH borrowing public has experienced a remarkable change in the banking scene this year.

Interest rates on bank advances have fallen by over 2 per cent to about 12¼ per cent on average, but prime rates for business customers with the larger banks are down to 11 per cent, including commission, and State-guaranteed export credits are available for 9-10 per cent. These are the lowest rates for several years.

The key to the transformation which has taken place is the agreement entered into by the banks and savings banks in February, this year, to place a ceiling on the discount rate plus 4 per cent on bank deposits. The agreement was taken under pressure from the authorities, who were disturbed by the way in which the larger banks were bidding up the interest rate on large-term deposits from the corporate sector and local government to 22-23 per cent.

As there is also a law fixing the margin between interest rates on deposits and advances at the average of the years 1972-74 (the law will be repealed and replaced by legislation placing the banks under the supervision of the price-supervising monopolies board from next April), the high deposit rates also adversely affected rates on advances.

But the change has adversely affected the growth of bank deposits, which in the 12 months to August rose by nearly 3.9 per cent while advances rose to 10.3 per cent. This has arisen because money is now being placed in short-term Government paper, which carries an interest rate of 15½ to 16 per cent, instead of with the banks.

The Central Bank has promised that it will make enough credit available to ensure that the banks will be able to meet the demand for advances, within the confines of the ceiling on loan commitments.

*The Danish Parliament building (Christiansborg) in Copenhagen*

## Margins

The fixed margins law should prevent the banks from improving earnings as long as deposits and advances rise in line with each other, but with this year's much slower growth of deposits, bank earnings have, in fact, improved, and much of the improvement stems from the deposit and lending accounts. Privatbanken's first-half operating profits increased from DKr 116m to DKr 170m, Copenhagen Handelsbank's from DKr 145m to DKr 180m, and SDS (the largest savings bank) from DKr 117m to DKr 157m, for example.

The banks have always been unhappy with the legislation fixing the spread between interest on advances and deposits. The margin is fixed for each bank individually, which adversely affected those banks unlucky enough to have had a low spread in the 1972-74 period.

"When we come under the monopolies law, there will be room to regulate prices if our costs rise. There will be a little more openness in price-setting by the banks," said Mr. Bendt Hansen, chief general manager of Copenhagen Handelsbank and chairman of the Bankers' Association.

Mr. Hansen expressed the hope that there would be a more realistic assessment of the need for the banks to earn a satisfactory return on capital under monopolies board supervision.

"Bank earnings are too low. In 1977 our return on capital was only 5½ per cent, which is not enough to enable us to meet the capital ratio demands imposed by law, and we also need a margin to enable us to meet bad debts.

"We must be able to take risks, as without risks there will be no innovation and now new jobs will be created," he said.

The fall in short-term interest rates has not rubbed off on long-term rates. Effective interest rates on mortgage bonds this month have averaged about 17.5 per cent, which compares with 16.6 per cent a year ago and 16.0 per cent in March.

Exchange rate instability and the liquidity strains on the banks of providing forward cover, and the rising level of international, especially dollar, interest rates are among factors explaining the high level. The problems of financing a large and persistent balance of payments deficit and the substantial State budget deficit are other factors generally considered to influence the Danish interest rate. But as pointed out in the SDS Monthly Economic Bulletin for October, it is remarkable that rates have been rising at a time when Danish inflation has slowed down substantially.

SDS concludes that the market is far from convinced that the Government will succeed in curbing the rise in costs next year in connection with the renewal of the collective wage agreements.

The State's gross borrowing requirement is expected to rise from about DKr 32bn in the current year to DKr 39bn in 1979, while the deficit on revenue and expenditure account will rise from DKr 10.6bn to DKr 13bn on expenditure of DKr 108bn.

In the last two years the Government has financed at least two-thirds of its borrowing requirement through the domestic market, and in 1979 expects to raise DKr 29.8bn, including DKr 9.8bn to cover redemptions.

Since an explosive growth of the money supply in 1976, the authorities have held the rise in M2 to about 10 per cent in 1977 and 6½ per cent in the 12 months to August, this year, (but the switch of term bank deposits into Government paper, which do not feature in the M2 figure, has had a cosmetic effect on M2. The M1 figure, which covers cash and current account deposits, rose by 13.9 per cent in the 12 months to August).

Both bank advances and mortgage credit are subject to ceilings, partly as a means of forcing business to raise as much medium-term credit abroad as possible. This shows up in the expansion of bank and savings bank advances, which were DKr 7.4bn in the first half of 1976, DKr 5.8bn last year and DKr 5.5bn this year.

Net mortgage credit expansion has risen from DKr 9bn in the first half of 1976 to DKr 10.4bn last year and DKr 9.9bn this year, according to Central Bank statistics.

Nevertheless, the total expansion of credit from domestic sources in the same half-year periods has risen from DKr 11.7bn in 1976, to DKr 16.8bn in 1977 and DKr 19.2bn this year, reflecting the impact of the growing State budget deficit.

**Hilary Barnes**



# The business climate

WHEN I rang Mr. Erik Rasmussen, chairman of the Federation of Danish Industries and managing director of the Great Northern Telegraph Company, to ask him about the business climate in Denmark he replied, "It's terrific." It is true that he gave a more qualified appraisal when we met, but it is fairly typical of Danish businessmen that although they may carp at the state of the economy in general they are reasonably well satisfied with the conditions under which they have to work.

"We are a wealthy country with a public which has a healthy purchasing power. We are homogeneous, vertically and horizontally, and the country is stable. It is difficult to take the word "revolution" seriously in Denmark when even the Social Democrats support the monarchy," says Mr. Rasmussen.

The grouses include the high wage costs (the average annual wage income of unskilled workers in Copenhagen in 1977, was DKr 90,000 including overtime and holiday pay, according to the Employer's Federation), high interest rates, high taxation and a generally low-profitability. But these factors are counter-balanced by satisfaction with generally excellent labour relations, a tradition of solving problems by talking about them, generally high standards of education, and a reasonable degree of freedom from Government interference in the operation of the corporate sector.

Denmark is the country in Europe after Switzerland which has the least state-owned industry. Only the utilities are publicly-owned, Mr. Rasmussen pointed out. Industry has not asked for, and the Government has not given, state support to lame duck industries. The shipbuilding industry receives cheap credit within the guidelines laid down by the OECD and the EEC, but no other subsidies. The textile and clothing industry receives no state assistance either. The exception which proves the rule is the country's only steelworks, Det Danske Staalvalsevaerk, which received Government assistance in the form of equity capital when a financial rescue package was put together earlier this year. Money is of course channelled to industry in the form of export credits and regional aid, but the general picture is of an industry which has to stand on its own feet.

The absence of state aid to industry on any but a modest scale reflects a liberal, anti-protectionist approach which runs deep in both industry and Government. As a small country, easily subject to retaliation if it adopts protectionist measures of any kind, Denmark has for the most part (there are some technical barriers to trade in certain sectors) avoided all forms of protectionism, even though this attitude sometimes seems a bit quixotic to the manufacturer facing cut-throat competition from state-subsidised competitors in neighbouring countries.

## Productivity

A counterpart to not supporting dying industries is giving companies the freedom to cure their own ills. No attempt has been made by the Government to force companies to hold on to surplus labour in the current recession. The Government has chosen instead to provide generous unemployment benefits and to preserve lenient rules for when companies can lay-off and dismiss labour. One result of this is that productivity in manufacturing industry has continued to rise fairly fast since 1973, although not quite as fast as the 7 per cent a year average for the period 1960-1973 (economists at the Federation of Industries were reluctant to put an exact figure on the recent trend).

Restrictions on the freedom of management have increased gradually over the years, both through legislation and through union-management agreements. Usually, in fact, when regulatory legislation is required it is agreed first between the labour market partners. This means that on the whole the legislation is workable from the management point of view, even if it is not always entirely to its liking. An instance is the legislation on the external environment, which was worked out with the co-operation of industry and has worked smoothly. In this case the decisions of the environment board are subject to appeal to a review board on which civil servants are in a minority. "This system as operated relatively free of friction after some initial problems and we have avoided unreasonable problems for companies," said Mr. Rasmussen.

Central to labour relations in Denmark is the system of binding collective wage agreements. Both management and employers are subject to fines if they breach the terms of the agreements, for example, by striking during the period of an agreement. This does not prevent some strikes, especially as there is a two-day "letting off steam" period when strikers are not subject to fines. But serious strikes or strikes which disrupt deliveries by export industry are unusual, and when they do occur it is normally when new collective agreements are being negotiated.

At company level there is an extensive system of consultation through works councils, and employees in companies with over 50 employees have a right to elect representatives (from the company work force) to the board of directors.

Profitability is generally regarded as too low, reflected in a solvency ratio (ratio of equity capital to total assets) of around 30 per cent. Even this, however, is considerably higher than the average in the neighbouring countries.

Corporation tax is 37 per cent, which is low by European standards, and the tax yield from corporation tax is between 1 and 2 per cent of GDP, which is very low by European standards, but this is probably because large tracts of Danish business are not organised as corporations. Corporate income tax per corporation, according to the business tax secretariat, is not lower than in comparable countries. A serious complaint from business is that dividends are subject to almost complete double taxation, first as corporate income and then as personal income.

Although taxation is high as a proportion of the national income, there is a ceiling on personal taxation which is effectively 74 per cent and prevents the combination of income tax and wealth tax from crippling the successful businessman. There are also fairly generous arrangements for making provision for pensions.

**H.B.**

# Bid to cut oil bill

OVER THE past year the Danish Government's energy plans have taken on a sharper focus. A primary goal is to reduce the country's dependence on imported oil, which now accounts for about 85 per cent of total energy consumption at a cost of some DKr 10bn ($2bn) a year. Under the present proposals spending on energy will rise from 10 to 23 per cent of total public investment over the period up to 1985.

The Government is committed to an ambitious DKr 20bn conservation and heating programme and by the end of this year the State company Dansk Olie and Naturgas (DONG) should have concluded negotiations with the Danish Underground Consortium (DUC) on the development of the North Sea gas reserves. Finally, the Government has grasped the political nettle of nuclear power. It has set a two-year deadline for deciding the question of the safe storage of nuclear waste, after which a decision will be taken—perhaps through a referendum—about the introduction of nuclear energy.

To cut through the dispute over the size of the recoverable gas reserves in the North Sea the Government has opted for a phased programme, the initial stage of which would supply a Danish gas network, including a 210-km submarine pipeline, with 2bn cubic metres of gas a year for an investment of DKr 5.9bn. This would conform with the DUC's own estimate of recoverable reserves and leave room for a decision to expand the supply to 4bn cubic metres a year, should further drilling confirm the higher estimates of the American consultants DeGolyer and MacNaughton.

## Committed

The DUC—the consortium formed by the sole concessionaire to Danish North Sea oil and gas, A. P. Moeller, with Texaco, Shell and Chevron—is committed to producing the gas but the Government programme still depends on DONG being able to agree a price for the gas with DUC. The decision to build a gas distribution line in Denmark has not completely stilled opposition to the scheme from those who believe it would be more economic to sell the gas to West Germany, which already possesses a distribution network. This is the attitude of the oil companies currently operating on the Danish market.

The gas distribution plan was given a boost when the Swedes signed a provisional agreement with Ruhrgas for the import to Sweden of 1.2bn cubic metres of gas a year from West Germany starting in 1981 or 1982. The Swedish contract assumed that the Danes would build a north-south trunk line and the Swedes have already planned to set up a consortium to build a spur line from Emden to the Danish border. They have subsequently signed a second provisional agreement for the import of 2bn cubic metres of LNG a year from Algeria. This gas could also be landed at Wilhelmshaven and carried through the Danish trunk line.

The Swedish gas plans were very much a by-product, however, of the dispute within Sweden over nuclear power which led to the fall of the non-Socialist coalition government in October. The idea of importing gas to Sweden was strongly promoted by Mr. Olof Johansson, the Eenergy Minister in that Government and an anti-nuclearist from the Centre Party. The Swedes have to confirm their agreements with Ruhrgas and Algeria by July next year. It cannot be automatically assumed that the new Liberal minority Government and the Swedish Parliament will go ahead with the gas import plan.

The official standpoint in Copenhagen is that construction of the Danish distribution trunk line is not dependent on a transport contract with the Swedes but there is little doubt that this offers an additional incentive to carry out the Danish gas programme. The Swedes are not being asked to help finance the Danish pipeline (the probability is that DONG will be given some State capital and borrow the rest on the international market with State guarantees) but the fees they would pay would improve the project's cash flow.

Uncertainty about the Swedish contract could, however, affect political attitudes in Copenhagen. One of the compromises involved in the formation of the new Social Democrat/Liberal coalition was that the Liberals dropped their objections to the gas plan in return for the Social Democrats' agreement to speed up investigation into the disposal of nuclear waste and the setting of a two-year deadline for a decision on nuclear power. The Liberals have been barely lukewarm about the gas project and it still cannot be taken for granted that the project will be carried out. Even if a submarine pipeline were built from the gas fields to the Danish coast at Hennestrand it would still be possible to pump the gas direct to West Germany for sale there.

Depending on a sales contract with DUC the plan currently envisaged would see a trunk line built by 1981 or at the latest 1982 to carry gas through Denmark to Sweden. At this stage the Danes would "borrow" a small amount of gas from the Germans to start building up a market for gas in Denmark. Two years later, in 1983 or 1984, the submarine pipeline from the gas fields would be completed.

## Purchase

The investment plan would allow for the purchase of 2-3bn cubic metres a year in the first phase, of which DONG would sell about 2bn in Denmark. The rest would be used to pay back the Germans for the gas "borrowed" in the previous two years and to even out fluctuations during the build-up of the gas grid. By 1983 or 1984 further drilling should also have established more clearly the real size of the gas reserves and it should be possible then for the Government and Parliament to decide on a second phase, raising supplies to the original target of 4bn cubic metres a year.

In July DUC was given permission by the Government to go ahead with development of the Gorm (formerly Vern) field, which it is estimated could give 1.5-2m tonnes of oil by 1980 or 1981. The Dan field is already producing some 500,000 tonnes of oil a year. If DUC can settle its differences with the Government over the flaring of gas at the Skjold field, that too could be brought into production to give some 1m tonnes of oil a year.

Adding up these possibilities shows that by around 1985 Denmark could get 3-3.5m tonnes of oil and 2-3bn cubic metres of gas a year from the North Sea. Then there is the chance that the gas offtake could be raised to 4bn cubic metres a year, so that it is possible to envisage the Danish offshore fields supplying Denmark with 6-8m tonnes oil equivalent (TOE) a year in the second half of the 1980s. Present energy consumption is roughly 20m toe a year. The ambitious programme for insulating buildings and expanding district heating will, it is hoped, bring consumption down to 19m toe by 1985, of which 3.3m toe would come from coal. North Sea oil and gas could thus transform both Denmark's energy supply pattern and its payments balance.

The DeGolyer and MacNaughton report submitted in May this year covers the Cora, Bent, Gorm and Dan fields. It estimates ultimately recoverable reserves of gas in these fields to be 100-120bn cubic metres but points out that insufficient wells have been drilled to be sure of this figure. It also points to 14 other possible oil and gas fields in the Danish North Sea area.

The American consultants conclude that the gas can be produced and delivered onshore at a price less than that currently being paid for imported petroleum and that sufficient gas would be available to ensure supplies at an eventual rate of 4bn cubic metres a year until the end of the year 2007. They put the total cost of developing and producing the four fields for 25 years at $1.1bn (at 1977 prices) with a further $200-220m being needed for a 30-inch pipeline to the shore.

**W.D.**





# Maritime sector under stress

*THE BRANCHES of Danish* industry most severely affected by the world business recession have been steel, which is relatively small, and shipbuilding. If the ancillary workshops and marine engine plants are included, shipbuilding employed some 12 per cent of the industrial labour force. This means that on the national scale it played a greater role than the Swedish shipyards whose production was once second only to the Japanese and whose recent agonies have called for billions of dollars in state backing.

The Danish shipyards, sticking to their free market principles, have largely eschewed State financial support and their greater flexibility has kept them in profit, even if at reduced capacity. Now, however, they must face up to further cuts. Orders this year have been so small and the shipping companies, which own most of the yards, are in such a tight cash situation that more shipyard workers will have to be laid off next year, probably reducing employment to around half the number at work in peak years.

Danish shipping, whose versatility has so far lent it stronger resistance to the recession than that shown by its Norwegian and Swedish neighbours, is also giving signs of greater strain. Two small shipowners have gone into liquidation over the past year and a large part of the small dry cargo fleet is up for sale.

## Reports

There have been unconfirmed reports that two of the larger shipping companies are in financial trouble. On the whole, however, the Danish merchant *fleet has suffered less than many* others and would be well placed to take advantage of any recovery on the tanker or general cargo markets.

At the end of 1977 the eight yards in the Danish Shipyards Association had orders on their books for 56 vessels totalling 651,000 gross tonnes, of which only five ships of 42,000 gross tonnes referred to foreign orders. This compares with the 73 ships of 3.9m gross tonnes and 7.1m deadweight tonnes which the association's yards had on order at the end of 1972, a reduction of 83 per cent.

Only a handful of new orders have been placed in 1978, the biggest of which have been for three 5,500-tonne ferries for the Danish state railways. With the possible exception of the Lindoe yard, the large tanker specialist, whose accounts are hidden in those of the parent, A. P. Moeller Group, all the yards reported profits last year but it is probable that more than one is operating in the red this year.

*The strength of the Danish* yards has lain in their ties with the shipowners, who continued to place orders with them until their own funds began to dry up, and their product flexibility, which has enabled them to switch to new types of vessel, to expand their ship repair operations and even to move into non-ship engineering. The recent history of Naskov, the shipyard which belongs to the East Asiatic Company, is in many ways typical of recent developments in Danish shipbuilding.

After the oil crisis East Asiatic placed four orders with the yard in 1974 at a time when the first threat of redundancies appeared. The yard then built a series of 10 so-called replacement ships, of which six were ordered by East Asiatic at the beginning of 1976. These 20,000-tonne vessels were designed to take any type of cargo from ores to bulk to containers and were built to a new combination of blueprint and engine power, offering exceptionally low fuel economy.

Especially interesting was the agreement Naskov made with its workers when the East Asiatic order was placed. This limited nominal wage and salary increases at the yard to 5 per cent a year for all employees. East Asiatic was charged a competitive price and Naskov shopped worldwide for its raw materials with the result that 30 per cent of the contract price went to Japanese steel producers. East Asiatic cannot repeat its order and Naskov will be cutting employment to 50 per cent of its original level next year.

The Lindoe yard came to a similar arrangement with its staff and its parent company, A.P. Moeller, under which the workers undertook to build ships at an agreed number of man/hours, involving a cut in pay rates. After their employees have made such sacrifices and they have maintanied a level of productivity which they believe to be second to none in Europe, it is understandable that Danish shipbuilders feel bitter about being kept out of their traditional markets abroad by state subsidies to national shipyards.

The official help to Danish yards has been limited to a ship credit fund, which enables the yards to offer customers credit at the terms agreed within the OECD of 8 per cent interest for a term of seven years and up to 70 per cent of the contract price. Because of high domestic interest rates it would otherwise be difficult for Danish yards to offer these credit terms. The arrangement was supplemented in July, 1977, by rules allowing Danish shipowners to obtain finance up to 80 per cent of the price over 10 years, when order*ing ships at Danish or any other* EEC yards.

The 1977 accounts of the major Danish shipowners indicated that they did not do too badly that year. The DFDS company had a very fine year while the Lauritzen Group made good money with its reefers (in co-operation with P. and O). Net foreign currency earnings of the Danish merchant fleet were DKR 4.5bn or roughly $800m and that represented an increase from 1976 of close to 22 per cent. Over 90 per cent of the fleet's gross freight income comes from cross-trading and is thus earned outside Denmark.

Over the past five years the number of ships sailing under the Danish flag has decreased by about 100 but in tonnage terms the fleet has continued to grow. At the end of June this year it comprised 888 vessels of 8.7m deadweight tonnes but the growth may be coming to a halt at least temporarily. The owners' orders for new ships are the lowest since 1963, while planned sales indicate that the number will be reduced in the second half of this year and in 1979. Earnings too, may suffer this year from the fall in the dollar exchange rate.

At the beginning of October only eight tankers of 1.1m deadweight tonnes were laid up. They made up some 20 per cent of the Danish tanker fleet or 13 per cent of the total fleet in deadweight terms. A. P. Moeller took some of its tankers off the buoys earlier this year, when freight rates began to rise, and is believed to have obtained rates for them, which cover costs and make some contribution to debt repayment. Moeller has taken the line that it is better from a technical point *of view to keep ships operating* and the Danish company appears to be better placed to take advantage of any revival in the tanker market than, for instance, several big Norwegian owners, who would have to borrow working capital from banks looking for firm profit guarantees.

There is however, evidence that several Danish shipowners are getting into cash difficulties. The dry low cargo rates could force more companies either to lay up or to sell ships. Pointers to this development come from the so-called "coaster fleet," a misnomer for what is the large Danish fleet of small dry-cargo freighters, each with several part owners, which largely engage in cross-trading. A considerable part of this fleet is generally up for sale at any one time because it has been the custom to operate a vessel for three to four years and then sell it, but more ships than usual are now on the market and part-owners are looking for other forms of investment.

**W.D.**

# Surge in farm investment

NEW, FULLY-AUTOMATED pig-houses have been popping up like mushrooms in the wet Danish countryside this summer. Agricultural investment seems likely to rise by something like 30 per cent this year, marking the first real blossoming of optimism in the industry since Denmark joined the EEC five years ago.

In 1976 the volume index of livestock production was only two per cent higher than in 1963. Last year it rose 2 per cent and in the first half of this year it was almost 4 per cent higher than in the same period last year.

## Share

An even greater turn-round has taken place in agricultural exports, which for the first time for decades have increased their share of total exports. Total agricultural exports, including canned meat and powdered milk, rose by 21.2 per cent to Dkr 10.9bn in the first eight months of the year, and from 23.4 per cent of total exports to 26.2 per cent.

The increase is largely due to price movements. There was a slight fall in exports of dairy products in tonnes; pigmeat exports rose by 8.7 per cent to 277,818 tonnes in the first nine months, and beef by about 11 per cent to 112,900 tonnes.

Corn exports, following a bumper harvest in 1977, rose from 324,000 tonnes and earned an extra DKr 500m in the same period.

The increase in production is entirely in the pig sector. Dairy and beef and veal output were slightly lower in the first half of this year than in 1977, but pigmeat output rose from 378,000 tonnes to 409,000 or eight per cent. This is the first time since 1972 that there has been a significant rise in pigmeat production, which peaked at just under 12m pigs in 1972 and then fell by 2m.

Total pig production will be up to about 11m again this year. This reflects a rise in the total pig herd from about 7.9m in June 1977 to 8.7m in June this year.

Why has it taken five years for membership of the EEC (which was expected to give Danish farming an enormous boost) finally to cause a more optimistic mood?

According to Mr. Arne Pilegaard Larsen, the president of the Agricultural Council (a federation of farmers, smallholders and estate owners), the very real benefits of EEC membership in 1973—when export income rose from about DKr 6bn to DKr 8bn—were nullified by the removal at a single stroke of all the various subsidies to agriculture built up to carry the industry through the 1960s, when Danish agricultural exports were virtually excluded from their traditional markets on continental Europe. At the same time, Danish land taxes went up.

"This was a violent change. It shocked the farmers," said Mr. Pilegaard Larsen.

Inflation, high interest rates, and two bad harvests in 1975 and 1976, also deterred farmers from investing in increased production in the following years. At the same time, the top-heavy age structure in Danish farming, which received few recruits in the 1960s when the number of farms fell from almost 200,000 units to about 130,000, militated against rising investment and production.

## Optimism

The optimism returned in 1977 when several things began to go right. The bumper harvest immediately improved the price relationships between the corn input and the meat output in the pig sector, while at the same time export prices improved following two devaluations of the "green krone."

Perhaps most important of all for the medium-term health of the industry was the government's decision, under pressure from the farmers, virtually to suspend the capital gains tax on sale of farms between father and son.

*Typical farmland in easter n Jutland and the islands*

The capital gains tax has for years been a thorn in the flesh of the farmers, not least because its application was uncertain and varied substantially from area to area and even locally from farm to farm. The result was a marked reluctance to sell on the part of the older generation.

The suspension of the capital gains tax on family change-of-generation deals doubled the incidence of this type of deal. The farmers and their representatives attribute a significant proportion of the subsequent burst of investment to the influx of new blood. The investment upswing is reflected in the increase in mortgage bond issues to agriculture, which have risen from DKr 6bn in 1976 to DKr 7bn last year and DKr 10bn in 1978.

The SDP-Liberal coalition Government have agreed to abolish the existing capital gains tax, which hits agriculture more heavily than any other sector and does not apply to residential property, with a revised form of capital gains tax on all property.

There is disagreement in the coalition on how the tax should be implemented, however, and specifically on whether there should be a transitional period from the existing to the new tax.

If the new tax is imposed in the form agreed it will mean that most farms will go free of capital gains tax, according to Mr. Pilegaard Larsen, who therefore looks forward to a further acceleration of the generation change.

This would make it more probable that the farming sector could achieve the steady increase in output of about 3 per cent a year which was forecast by the experts as being a reasonable rate of expansion to expect from EEC membership, but as Mr. Pilegaard Larsen said: "There will be no enormous rise in production as we will never increase livestock production in excess of the corn we grow."

In the coming year the economy of the agricultural sector may be rather less satisfactory than it was last year. Although there was a large corn harvest, the harvest weather was the worst since 1954 and thus the quality of the harvest was poor and drying costs ate into harvest returns.

H.B.

# Construction groups forage abroad

FOR ANYONE with a trowel and a bag of cement as beginnings there was money to be made in construction in the decade and a half which ended around 1974. The building boom in Denmark increased the area completed from 4.8m sq metres in 1960 to 12.2m in 1974. Housing construction increased from 23,000 units to 55,500 between 1960 and 1973, commercial and industrial buildings from 1.8m sq metres to 3.8m in 1974 and other building from 500,000 sq metres to 1.3m.

The first signs of a set-back came in 1971-72 when the authorities decided that construction was absorbing capital and labour resources needed by the export industries. Last year housing completions were down to 36,000 and this year they will fall to about 32,000. The boom in general building, chiefly public sector facilities, peaked in 1971 at 1.39m sq metres completed and has fluctuated since at around 1.2m, rising last year to 1.30m again.

What the Government began out of concern for the balance of payments, the oil crisis completed. Commercial and industrial building declined from 3.8m sq metres in 1974 to 2.8m the following year, and the total area of completions fell from 12.2m to 9.4m sq metres.

The building industry is still reeling from the change of environment from headlong growth to stagnation, for although there was a dramatic decline in completions between 1974 and 1975, the fall quickly flattened out and completions crept up to 10.8m sq metres last year and may exceed 11m this year.

One of the first results of the domestic collapse was a rush to find markets abroad, where companies which had never looked at the export market found they were joining a small group of rather distinguished civil engineering and construction companies which have spread the reputation of Danish civil engineering world-wide over the past half century — groups such as Christiani and Nielsen, Kampsax, Larsen and Nielsen, and F. L. Smidth among others.

Christiani and Nielsen is the largest of the purely civil engineering companies, with about 13,000 employees world-wide. For a group which is mainly a contractor, with consultancy outside as a sideline, it is unusual in that some 90 per cent of its earnings arise outside Denmark.

## Technology

Historically, the company, founded in 1904, was in the forefront of reinforced concrete technology and before the outbreak of World War I it was already established in many other countries. In 1977 Brazil accounted for about half the group's DKr 1.1bn turnover and Britain for about DKr 250m (£25m). For many years the group had important interests in South Africa, where it participated in the construction of all South Africa's harbour facilities, but several years ago it sold 75 per cent of its South African interests and this year it disposed of the remaining 25 per cent.

In recent years Christiani and Nielsen has built up a reputation as a specialist in submarine road tunnels. The company participated in the design work on the Elbe Tunnel in West Germany and was a member of the consortium which constructed the Kennedy Tunnel under the Schelde at Antwerp—at that time the world's longest tunnel. It has also designed and constructed underwater tunnels in Japan, Denmark and Holland.

Harbour construction is the group's other speciality. It is currently engaged as consultant engineers (together with a Saudi company and Kampsax) for a 25-km combined dam and bridge link between Saudi Arabia and Bahrain. It has worked on oil facilities in the Shetland Islands and Scotland.

Kampsax (Kampmann, Kierulff and Saxild A/S) is a small company with a big reputation. Turnover in 1976-1977 was only about DKr 208m Almost all its contracting work is undertaken in Denmark, but as consultant engineers it has operated world-wide, mainly in the construction of roads, rail and marine facilities. It has worked on roads or railways in Turkey, Iran, Nigeria, Brazil, the Philippines, Afghanistan and North Yemen, usually as part of World Bank projects.

More recently the group has expanded its activities in water supply and sewage consultancy. It is currently engaged in an extensive project (together with another Danish company, I. Kruger) for improvements to the sewage system in Manila. Together with Hoejgaard and Schultz it has also won two major contracts for building works at a new East German wire-rolling mill at Brandenburg.

Larsen and Nielsen (L and N) is essentially a domestic construction company and it did not enter the export business until after 1973. But it was well placed to do so because in the early 1960s it developed techniques for building prefabricated flats which are now used extensively on world licence.

It was a combination of high Danish labour costs and a big demand for housing, boosted by large subsidies, which pushed Danish companies into the forefront in the development and use of industrialised techniques for housing construction, according to Mr. Poul Moeller, a member of the L and N management Board. The group's system is now used by some 60 companies, chiefly in East and West Europe but also in the Caribbean, the Far and Middle East.

F. L. Smidth is more than a construction company. It is in fact one of the largest Danish manufacturing groups and one of the world's leading suppliers of cement-making plants. One of its bigegst projects ever was the construction of the cement plant with an output capacity of 2m tonnes a year at Kufa in Iraq, undertaken in a consortium with another large Danish engineering and construction company, Monberg and Thorsen. The latter company was responsible for the design and construction of all civil engineering and building work in this $2bn project completed in July this year.

## Substantial

Monberg and Thorsen (M and T) continues to be engaged in projects in Iraq and has set up a company in Saudi Arabia for industrial electrical installations. As a construction company M and T is unusual in having substantial electrical and mechanical engineering divisions, which have taken it into the petrochemical and offshore oil and gas sectors.

When the companies named and several others were asked to suggest the particular qualities which have enabled them to achieve success internationally, common themes were a strong domestic tradition in architectural design and high standards of craftsmanship. These provide a solid background in all fields but are perhaps most noticeable in the quality and finish of Danish housing and other buildings. Relatively small by international standards, the Danish civil engineering companies agree that it is often an advantage to come from a small country, one not suspected of having political axes to grind.

H.B.

New York Theatre

# From whimsy to Sherlock Holmes

by FRANK LIPSIUS

The inmates of Ste. Anne's have again escaped to take over the beautiful evacuated Brittany town of Philippe de Broca's gentle and ironic film, *King of Hearts*. This time the escape, the German retreat in the last months of the First World War, and the love story of the virgin soldier and his equally innocent young maid take place on stage in the appropriate form of a whimsical and winning musical. The hero has become a young American communications officer sent ahead to find the bomb the Germans planted during their retreat. Accidentally opening the gates to Ste. Anne's, he allows the inhabitants to take over DuTemps and live out their fantasies.

If Genet comes to mind, the fantasies of *King of Hearts* takes the opposite tack, with each role, from bishop to barber, imagined in its most benign form. As the madame says, "It is always the humanitarians who are locked up and the selfish who are allowed to roam free."

While the search for the bomb acts as a plot, characters' appreciation of being free and using that freedom to make an ideal world in the midst of battle and destruction provide the real interest in the musical. Designer Santo Loquasto lavishly conceptualises each scene to visual perfection, not only taking care to reproduce a rickety medieval French town but also demonstrating breath-taking imagination in putting a coronation on the roof of a collapsed cathedral.

Ron Field keeps to an orderly pace in his direction but gets legs flying and antics proliferating in the exciting dances he choreographed. Gary Morgan as the mute and Gordon Weiss as the barber seem particularly nimble in getting around the stage, while Millicent Martin, who takes charge as the munificent madame, also does a creditable acrobatic turn.

Donald Scardino as the young American ends up more stereotyped than the inmates' versions of bishops, dukes and countesses, but Joseph Stein's book otherwise manages well in changing the focus from suspense, which would have been hard to achieve, to character, which comes across admirably well-defined. The show's one weakness is the music; Peter Link and Jacob Brackman, despite their impressive credentials, have not produced one memorable tune, and though this failing should not be a fatal flaw for a production that has so much going for it, it seems an unfortunate oversight considering the care invested in the rest of the show.

A successful play about Sherlock Holmes makes one forget the attendant dangers in trying to match expectations of the man and his setting. *The Crucifer of Blood* combines Paul Govanni's engaging plot and charming direction with an excellent Holmes in Paxton Whitehead to fulfill the requirements of all but the most critical Holmesophile.

During the Indian mutiny of 1857, two officers and an enlisted man make a pact to share the maharaja's stolen jewels. The scene switches to 221B Baker Stret where a young lady repairs with the briefest of evidence about a mystery involving a pact her father made in India 30 years before. Needless to say, a convoluted plot ensues, with Holmes at his clever best reconstructing those events despite the principals' efforts to keep them to themselves. Holmes is refreshing and familiar in equal measures, parading in one scene as an opium-dispensing Chinaman and delivering the expected lines in unexpected places. Matching the performance of Whitehead were Dwight Schultz as the ranking officer of the nefarious trio and Christopher Curry as the aggrieved enlisted man.

Liviu Ciulei's production last year of Wedekind's *Spring Awakening* at the Julliard School brought him to the attention of New York audiences. Invited back this year by the Circle in the Square company, he put on an east European favourite, *The Inspector General*. While Gogol's tale tends to be treated as a commentary on the perpetual inefficiency of Russian bureaucracy, with stuffines and rudeness as pervasive as corruption, this production opts for ridicule and Keystone-Cops-style zaniness. A mime scene opening the production sets the tone as the town's bureaucrats silently jockey for position while waiting for the mayor, played with chummy obstreperousness by Theodore Bikel. He bullies and cajoles with equal finesse, seemingly less ambitious than opportunistic. Helen Burns as his wife displays enough ambition for the both of them, with Christine Estabrook as the petulant daughter victimised by her parents' machinations. Max Wright as the nervous, impoverished bureaucrat mistaken for the inspector has exaggerated mannerisms that convey the initial confusion but dilute the impact of his ambition as it gradually develops. Ciulei's attention to detail allows two servants to steal the show, Renee Lippin as the chattering, incomprehensible Avdotya and Bob Balaban as the imposter's overburdened old valet.

Against the bareness of the modern arena-style stage, Ciulei built a balcony held up at either end by a staircase, which suggests a stately Russian provincial mayor's house and multiplies the ceremony, status distinctions and wasted effort that are the source of comedy throughout the evening.

*Pins and Needles* was originally written by Harold Rome as a series of skits to be performed by the garment workers' union in their struggle for recognition and membership. The Roundabout Theatre's revival on its 40th anniversary is meant to capture the amateur spirit of the original, but the intention ends up looking like an excuse for scrappy sets and slopping acting. Some of the skits make telling points, covering the gamut of Left-wing concerns from anti-Communism in international affairs to the snobbery of rich young people. But the political points seem merely dated when a professional production puts no new life into them, preferring to rely on memory more than innovation.

Glenn Close and Paxton Whitehead in "The Crucifer of Blood"

Television

# No, but I saw the book

by CHRIS DUNKLEY

Two things stand out very clearly when working back through viewing notes for the past week and listing the most interesting newcomers to the television schedules. First nearly all of them appeared on BBC2.

Those that I have managed to see on that channel are: *Empire Road* and *The Voyage Of Charles Darwin* on Tuesday; *The Story Of English Furniture* on Wednesday; *Newsweek* and *Accident* on Thursday; *Delia Smith's Cookery Course* on Friday; and *The Birds Fall Down* and *Crime Writers* on Sunday.

During the same week BBC2 also launched *And Now The Good News* (finally giving the deserving Richard Stilgoe his own programme) and *Exploring Photography* on Monday; an imported French filmed version of Jules Verne's adventure yarn *Michael Strogoff* on Wednesday; *Mountain Days* from BBC Scotland on Friday; and *On The Record*, another of the new strand of current affairs programmes which are replacing *Newsday*, on Saturday.

Those are just the week's genuinely new series (not counting such "new" returning series as *Wodehouse Playhouse* which last week came up with another adaptation marvellously suited to John Alderton's talents—"The Smile That Wins") and they do surely show that BBC2 is still taking very seriously its function of supplying interesting viewing for minorities both large and small.

It is my view, as this column has made clear before, that in serving that function successfully BBC2 manages to make itself by far the most attractive of our three channels for the discriminating viewer. So while the effort of BBC2's relatively new controller, Brian Wenham, to cut out a rather larger slice of the audience (perhaps 10 per cent or 12 per cent across the week instead of 8 per cent) seems a perfectly reasonable ambition, we shall have to watch with care to see that he and the channel are not heading towards the "quali-pop" trap. Not that there is any sign of that so far.

The second thing that stands out from a review of the recent newcomers is the amazingly large number which are accompanied by the publication of a book.

Books-linked-to-series have surely formed one of the fastest growth areas of British publishing in the last decade, and television must now be playing a central role in an impressive proportion of book sales, particularly among hardbacks.

Those that have arrived on my desk recently include: *The Story Of English Furniture* by Bernard Price (BBC, £6); *Delia Smith's Cookery Course* (Part 1, two more to come, BBC, £3.75); and *Crime Writers* edited by H. R. F. Keating (BBC £3.25 paperback and £5.35 hardback) which was fully reviewed in Saturday's FT. All these coincide with the BBC2 series, and there will also be a Darwin book at the end of the month, in time for the Christmas trade, though—as so often with BBC Publications—several weeks too late for the start of the BBC2 series.

Again linked to BBC2, and most interesting of all the recent TV books, is *Men Of Ideas* (BBC £7.50). This arises from Bryan Magee's 15 programmes on contemporary philosophy broadcast in the spring, and whatever Magee himself may believe about the relative merits of TV, radio, and books for communicating ideas, I find that the chance offered by print but unavailable with television of checking and re-reading is invaluable.

Magee's interviewees—Marcuse, Ayer, Chomsky, Dworkin and so on—have been allowed to polish and even extensively modify their contributions for the book, though they are still presented as dialogues.

Linked to an ITV series is Frances Donaldson's abridgement of her own book *Edward VIII, The Road To Abdication* (Weidenfeld and Nicolson, £5.95) which is labelled "in association with the Thames Television series," though that series—which opens enjoyably if a little soapily tonight (watch for the overdone signalling in the teatime scene where Mrs. Simpson smacks the royal hand and establishes priority)—has been written by Simon Raven.

Also spun off from ITV is *Botanic Man* (Hamlyn, £6.50) and *Botanic Action* (Hutchinson, in association with The National Extension College, £1.95) accompanying David Bellamy's series, again from Thames TV. Hamlyn's book, the size of an old-fashioned Christmas annual, is pleasant enough and benefits from a good index, but *Botanic Action*, which is presumably intended to help children with their own practical experiments, is a prime example of that modern busy-busy design which is so garish and complicated that it defeats its own purposes.

Since this is still a television column, however, what about those new BBC2 programmes? All of them are series, only one at the time of writing had transmitted more than the opening episode, and first episodes can be notoriously misleading. However, here are some first impressions.

*The Voyage Of Charles Darwin* seems to have all the ingredients of a winner: a story of real significance, a decent budget (it is a Time-Life co-production with the BBC), fine acting, complete credibility in its period detail, and over all the amazing Ralling touch. Malcolm Stoddard playing Darwin is an actor quite unfamiliar to me and I suspect deliberately chosen as a non-star, but he looks completely at home in the role.

The development by producer Christopher Ralling of the filmed historical / geographical series, using actors on the relevant and consequently often remote and possibly even dangerous locations (as in his previous series *The Fight Against Slavery* and *The Search For The Nile*), has been remarkable. It has brought us some wonderful television, and Darwin promises to bring us more.

At the other end of the budgetary scale, *The Story Of English Furniture* is set almost entirely in the BBC's Bristol studios where Hugh Scully and Arthur Negus use still photographs to illustrate whatever cannot be brought in (church chests for instance). If you enjoy the agregious Negus you will no doubt enjoy this series, but if you usually want to dwell on what he ignores and vice versa, you may be better off with the book.

*Accident* employs the familiar technique of telling the stories of a number of dissociated people whose lives are all touched by a single event or inanimate object. Talbot Baines Reed did it in *The Adventures of A Three Guinea Watch* and Swedish TV did it very successfully in *Crash* which looked forward and back over the lives of the casualties in a multiple car crash. *Accident* borrows the Swedes' idea, enlarges it from a single 90-minute play to eight 50-minute episodes, packs in far too many people, and looks set to become a short and boring soap opera.

*Empire Road*, on the other hand, which is already being talked about as "Britain's first black soap opera," has managed in just one episode to establish a thoroughly original and intriguing central character—the black miniature "Godfather," Everton Bennett, landlord and shopkeeper, played by Norman Beaton—and to sketch in several more.

The oddest mixture of all the new series and the one from which we have seen two episodes is *The Birds Fall Down*, a tale of "revolutionary intrigue" in which George Coulouris wrapped in a hearth-rug plays a white Russian in Paris, roaring out every line at Force 12 on the Beaufort Scale.

The long scenes seem to have been shot with a single horse blanket for background, and the short ones with amazingly involved studio designs such as this week's art nouveau cafe interior.

*Newsweek* chose to start life with one of the most difficult pieces of constitutional analysis imaginable—of the relationships between the American President, Congress and the House of Representatives—and did it well. More in a future column on this and other new current affairs programmes.

*Delia Smith's Cookery Course* is admirably sensible even if the lady's sloppily demotic pronunciation which puts a "K" on the end of "nothing" is irritating; and *Crime Writers*, with some relishable filmed inserts of Jeremy Clyde, creates something of a mystery since, according to the BBC's presentation announcer it is "based on *Bloody Murder* by Julian Symons," yet the BBC has published the book *Crime Writers* *edited* by H. R. F. Keating saying that this "springs from" the series.

It could be the start of an endless process: a book inspiring a TV series, leading to a slightly different book, giving rise to a new series. . . .

Malcolm Stoddard with the "Beagle" in The Voyage of Charles Darwin

Royal Northern College, Manchester

# Young Composers' Forum

by DOMINIC GILL

"At the hub of our musical life," a colleague wrote recently on the subject of British contemporary music, "the pulse is weak and the mood provincial." He could have gone on to ask: And where is the hub? For musical life in Britain may still be remarkable for its richness, vitality and variety—but it is just as remarkable too for its astonishing lack of direction and centre.

Alone among the countries of Europe—indeed among the culturally advanced countries of the world — Britain possesses no event of any kind that can properly be called a Festival or Forum of new music. We only appear to be trying hard. Our SPNM and Park Lane Group, among a large number of energetic and worthy organisations and ensembles, struggle along on their tiny resources: they do vital work, but their events inevitably, in the way that they are at present organised, lack prestige and focus.

The Arts Council scratches at the *fringes* of the problem with its excellent Contemporary Music Network. Orchestras, London and provincial, offer from time to time a token commission. The London Sinfonietta, paragon of new-music ensembles, drastically constrained by the size of its subsidy, works miracles nonetheless, small miracles, with the pittance it receives. But all the while, new music is obstinately, myopically relegated—by orchestras, conductors, concert managers, music colleges, by the Arts Council itself—to second place. Its inferior status is rigorously enforced; and that status is everywhere, if the ominous signs are read correctly, rapidly accepted. When the process is complete, our new music will not merely be considered as but will actually have *become*, second-class.

The BBC alone is left to carry the banner (as opposed to the tiny white flag) of new music—and carries it, as we know and can hear for ourselves every day on Radio 3, in its own way superbly well. But even the BBC is not immune to easy English complacency. It does not care, for example, to "over-expose" what is potentially one of its most important and prestigious new-musical events. Is it not much less trouble, after all, for Auntie to fall in with the easy English scheme of things—to tuck her Young Composers' Forum into the auditorium of the Royal Northern College of Music in Manchester, without advertisement or adequate publicity, and during half-term week when most of the students are away?

The new schema is undoubtedly an improvement on the early days of the Forum in 1973 and 1976, when it toured the country at odd intervals during the year, popping up in Hull and Manchester one month, and in Lancaster or York the next, all but forgotten by the time, some six months later, a broadcast eventually took place. This year all four concerts of the Forum were given in a single venue within the space of a week, and the broadcasts on Radio 3 will follow soon after, this month and next. Their organisation, by the redoubtable Ann Sanger of BBC Manchester, was once again impeccable. And the Forum is now, from this year on, to be an annual event. But why not broadcast the concerts live? Why not publicise them widely? Why not, if that would lend them the focus and prestige they undoubtedly deserve, bring them as a series to the South Bank in London? Why not, after all, make them the nerve-centre and heart of a real festival of new music—or incorporate them with some festival already existing? It is only because the Forum is such a good idea, and such an important idea, and because in Britain it is unique, that one laments what appears to be ultimately a failure of imagination, or just as serious, a failure of nerve.

The four programmes of the Forum this year were again chosen by a distinguished BBC panel of eight musicians—out of a total of 426 scores received from young composers under the age of 33, a final choice of 24 were marked for performance (allowing a minimum of 10 minutes per score, did the panel, I wonder, sitting as a group, really work for two full weeks of 35½ hours each?). I was a *little* disappointed to discover that so few of the 24 works chosen this season—10 only—were genuine first performances. A world-premiere rule could never be strictly applied; but it is surely the principal function of a Forum to provide a platform for brand-new works—not to present, as it did on the third evening last week, when the Park Lane Players gave Michael Finnissy's *As when upon a tranced summer night*, good as it is, a 12-year-old piece, slightly revised, by a quite well established composer.

The second string quartet of Giles Swayne (b. 1946) was the only outstanding work of the Forum to be given a genuine premiere—a piece which made fairly traditional and unadventurous use of its resources, but handled all of its material expertly, and with imagination and style. The other works which also stood out from the list had all of them received earlier performances. I was specially struck by two vocal works, for soprano and harp, and soprano and piano, by George Nicholson (b. 1949). It was a happy idea in his *Colloque sentimental* to juxtapose the two texts of Mallarme's *Apparition* and Heine's *Der Doppelgänger*, threading the piece so tightly with the "Doppelgänger" motif—the harpist speaks phrases from the Heine, the soprano replies with rippling figures on her own little auto-harp. The whole, lasting only 11 minutes, had fine dramatic shape, dramatic presence. On the final page, the composer gives way, and the last bars are taken over by Schubert.

Like his *Colloque*, Nicholson's *Settings* of three texts by Georg Trakl for soprano and piano also made powerful dramatic sense—one responded gratefully to the quick ebb and flow of each individual song, and the firm grasp of their linking and overall shape. Edward McGuire's (b. 1948) *Sounds around . . .* for viola and a battery of exotic percussion was musically less concentrated, less substantial—but it was a fun-piece nonetheless with a keen awareness of structure as well as fantasy.

From the broader middle ground, a fairly unadventurous picture emerged of our post-1945 generation of young composers (three explanations are all equally plausible: that the picture was accurate; that the selection panel was, consciously or unconsciously, biased; or that a large number of adventurous young composers refused to submit their work). Flute and piano is for some reason rarely an unsuccessful combination: and I particularly liked Stephen Pratt's (b. 1947) *Star and Dead Leaves*, spare and austere, delicately coloured, lapped by dark shakuhachi glissandi—as well as Janet Graham's (b. 1948) purposeful and shapely *Crux*, with its centre of calm stillness.

Page-space rules out a complete list: but of the remaining 17 works, none was an egregious failure, all had a quality to commend them. Janet Graham's *Diversitas* for two pianos had more qualities than many — not least a toughness, a hard core, to its unpredictable pot-pourri of manners and gestures. The *Chamber Music* of Andrew Worton-Steward (b.1948) made not a great deal out of some pleasingly simple and direct ideas. Geoffrey King's (b.1949) Quintet for flute, clarinet, trumpet, violin and cello was a fluent, intriguing essay, nicely spiced with the grotesque, which made imaginative use of its conscious model, the *Rite of Spring*. *Two Morning Asanas* for solo piano by Janice Hamer (b.1947) had moments of real cogency and force — though it could better have done without its author's preposterous programme-note. A Suite for solo cello by Roger Steptoe (b.1953) made play with some happy, tricky ideas—simply and unpretentiously. *Piano Work* by Andrew Vores (b. 1965) made its most striking effects in small cells only a few measures long, quiet and floating, quick and vociferous, but was less coherent over its whole length, in large span less carefully worked.

Each Forum concert will be broadcast on Radio 3 in two parts, each part containing three works, on November 17 and 24, December 1, 8 and 15, and January 1, 12 and 19.

Festival Hall

# Celibidache

by MAX LOPPERT

The concert given on Monday by Sergiu Celibidache and the London Symphony Orchestra was unlike *any* other I have ever attended. It was an occasion at once overwhelming, enthralling and unsettling: to hear three pieces from the basic orchestral repertory—the Rossini *Thieving Magpie* Overture, Debussy's *La Mer* and Rimsky-Korsakov's *Sheherezade* — transformed by the quality and character of their playing into virtually unfamiliar music is not an experience quickly assimilated, let alone described with facility in print.

One is tempted simply to list some of the unfamiliar sound phenomena. The breadth of dynamic range inculcated into the orchestra, for instance: in *La Mer* above all, the minute gradings of soft and loud tone, and the various hair's-breadth distinctions defined and maintained in what is ordinarily the no-man's-land between them, opened up a spectrum of sound of unimaginable amplitude. Or, allied to this, the wealth of tone-colours inexhaustible in their multifariousness, yet all alike in their unforced, limpid, singing quality. Or, say, the plasticity of rhythm and metre that kept the Rossini crotchets steadily beating while simultaneously stretching out the melodies above them into freely lyrical utterances.

What remains in the memory, beyond these and other qualities of interpretation and execution noted during the concert, is the sensation of a Celibidache performance exalting music-making into a mysterious and magical art, one that compels the ear to be as acutely aware of the silences of music as of its actual notes. If, with extreme crudity, one categorises conductors as either reproducers or transformers, Celibidache is obviously one of the most remarkable of transformers. The amount of pathos and gentle poignancy drawn from the Rossini overture pointed to an act of transformation: *La Mer*, coaxed and caressed into a sound-spectacle of infinite variety (its miraculous play of movement, from near-stasis to grandly unfurling climax, supported by Debussy's numerous tempo markings), was simply not the work one has heard and loved so often before.

There could perhaps be doubts after the event—was not an essential element of hard bone and muscle missing from the Debussyan structure? and was not the basic Rossinian gaiety submerged in the wistful beauties of sound? *Shehereziade* allowed doubts during its course; though the playing was as ample as before, it lacked the exuberance, the brilliance of tone that Russian orchestras will at times bring near to coarseness, needed to disguise the poverty of Rimsky's basic material and the tedium of its repetitive employment. Nonetheless, the concert as a whole was an aural, and beyond that a sensory, renewal. A 16-gun salute to the LSO for forging and pursuing its relationship with the conductor in the face of numerous difficulties. Under his baton, it could certainly be mistaken for the greatest orchestra in the world.

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# Turning point for Iran

WITH THE appointment of a military government, the Shah of Iran has taken a desperate step in an attempt to restore law and order to his troubled country. It is clear that a military government cannot represent the lasting solution for the riots, the strikes and the demonstrations which risk tearing Iran apart. At best it can offer a breathing space in which a solution may perhaps be found.

When the price of oil was quadrupled in 1973 it was predictable that the sudden rush of wealth into countries which for centuries had been poor would be likely to cause severe dislocations to the fabric of society. When the Shah embarked on a headlong programme of modernisation and industrialisation, the risk of dislocation became more acute.

### *Hostility*

The Shah recognised these dangers, and for some time he has been trying to move towards a more liberal and more democratic form of regime. What he evidently did not realise was that many years of autocracy had merely suppressed a depth of hostility in many sections of the population which this year has erupted with alarming force. The Shah himself recognises that he cannot put the clock back and revert to repression: when he announced the appointment of the new government, he also declared that, when the crisis was over, he would create a government of the people. The arrest of the former head of the SAVAK secret police is a further indication that his aim is the restoration of law and order, not a return to repression.

The passage through this crisis will be far from easy, however. The armed forces have always been loyal to the Shah, not least because he has always provided them with a lavish supply of sophisticated weaponry. Yet there is bound to be a danger that a military government, so far from restoring law and order, will be seen as a provocation both by the Muslim community and by the extreme left, and thus cause an even more serious polarisation in the country. The Shah may find it easier to appoint a military government than to dismiss it.

If the military government should prove unable to restore a reasonable level of calm in the country, and the Shah prove to be the effective prisoner of his generals, there may be cause for concern on strategic grounds. Until this week, the Soviet Union has refrained from anything which could be interpreted as interference in the Iranian situation. If Iran becomes polarised between a right-wing military régime and a violent opposition, one cannot exclude a much closer interest from Moscow, whose connection with unstable political situations is well documented. In this case, the Soviet Union may also fear rival interference by China.

On strategic grounds, it is in everybody's interests—both East and West—that Iran should have a stable régime. And because the industrialised countries depend so heavily on Iranian oil supplies—supplies which have been sharply curtailed by the recent wave of strikes—it is in the interests of the West that Iran should be governed by a régime which commands an adequate measure of popular consent. Without such consent, Iran cannot have its industrialisation programme, and the West cannot have its oil. For better or for worse, the British and American governments are widely believed in Iran to be the effective power behind the throne. This image may be far from reality, but it lends special weight to anything they say about Iran.

### *Unpopularity*

Their error hitherto has been to give the impression that they were identified, solely with the Shah, even after the extent of his unpopularity had become apparent. It is not sensible to link Western interests with the success or failure of a particular form of regime. Nor is it sensible to give the impression—particularly in the present situation that the Shah is the man of the Western powers. This does not alter the fact that for the time being, at least, the Sha's role is crucial in re-establishing order.

If he succeeds, he will have to follow through by going much further in the direction of democracy than he has so far been able to do. In the process he may have to acquiesce in a sharp curtailment of his own role. As of now, he is the only man with enough authority to establish a new and viable regime; but he has not much time to prove that he can do it.

# The case for tax reform

PUBLIC resentment at the level of taxation has been demonstrated in a number of ways in differing countries in recent years and in this country has twice forced the present Government, against its own inclination, to reduce taxes. The cause that is common to most tax systems is the growth in the volume of government spending which taxation is required to finance. In this country, this growth has led to a tax system which was essentially designed to tax the better off to be used to extract a contribution from virtually everyone with a job.

The growing burden of taxation has been accompanied, at least in this country, by an ever increasing complexity. The two together have meant that the tax system has needed an ever growing bureaucracy to manage it. This has helped to fuel the resentment at all levels of society, generated a growing problem of tax avoidance both in the legal sense and in the emergence of the cash economy, and has created a feeling that extra effort and extra efficiency are unlikely to be adequately rewarded.

### *Instrument*

Lord Cockfield, who worked in the Inland Revenue and in industry before becoming taxation policy adviser to Lord Barber when he was Chancellor of the Exchequer in the Heath administration, believes that the complexity of the present tax system springs largely from the twentieth century practice of using it to achieve non-fiscal as well as fiscal ends. The most notable of these other purposes are as a means of re-distributing income and wealth and as an instrument of economic management both in a broad Keynesian sense and in order to promote specific economic objectives.

As a result, Lord Cockfield suggests, the tax system is not only expected to do too much. It has also been required to achieve more than it can in practice manage. Its use as a re-distributive mechanism has been pushed much too far, partly because of inflation and partly because of an out-dated Victorian view of the inegalitarian structure of British society. Wealth and power, position and security, are no longer synonymous. As for controlling the economy, fiscal policy has inherent weaknesses. Reductions in taxation may stimulate consumption but, because of trade union power, increases in taxation are less likely to be effective than monetary policy. Likewise, the various reliefs which have been introduced for economic reasons achieved very little in practice at the cost of adding considerably to the complications and distortions of the tax system—most notably perhaps in the field of company taxation where there is now a very wide gap between the nominal and effective rates of tax and a very uneven spread of the burden.

In his address to the Institute of Fiscal Studies yesterday, Lord Cockfield said his own inclination would be to use the tax system only for the purpose for which it was intended, which is that of sharing out the cost of common services provided by the state in the fairest and most equitable manner. The first step, however, is to reduce the severity of the burden of taxation. Reform and simplification can come later: these tasks cannot, in any case, be achieved in haste and a reduction in the levels of tax should make them somewhat easier to achieve.

It may be, as Lord Cockfield suggests, that the common ground, which is an essential prerequisite for any stable reformed tax system, does not yet exist. But the growing indications that the present level of taxation has reached, or rather exceeded, the limit of public acceptability have already brought about a marked change in political opinion — and thus a more receptive climate for the activities of bodies like the Institute of Fiscal Studies in its expanding role. If the change in opinion were to be followed by a sustained drive to reduce taxation, the economic stimulus this would impart could well create a clearer consensus for reform.

# The NEB's pygmy finds a semiconductor jungle

BY JOHN LLOYD

IF—as we are told—micro-electronic technology constitutes the base for the third industrial revolution, then Britain's chosen instrument for participating in that revolution presently occupies a small office in a nondescript building in a north-western suburb of Dallas, Texas.

The discreet sign outside the door says "Inmos." Inside are four Americans, one of them a temporary secretary. The boss of this diminutive outfit is an amiable Texan venture capitalist called Dr. Richard Petritz.

Inmos is tiny—yet it intends to take on industrial giants. It has been funded by the National Enterprise Board (which was at least *conceived* as an instrument of socialist interventionism). Yet, if successful, it will make its founders into millionaires. It is British—yet its expansion in the immediate future will be largely in the U.S.

It has also been coy about its origins and its present organisation—a posture enforced upon it by the NEB. Seekers after a further paradox will note that Inmos has been kept from the attention of a British public who are, after all, paying for it. The NEB can and does retort that most information released on the company is a secret handed on a plate to its competitors.

## Nuts and bolts

The object of Inmos is to design and manufacture, in volume, micro-processors and micro-memories—the nuts and bolts of micro-electronics—for sale on the world market. As a spin-off from its operations, it is believed, or perhaps more accurately hoped, that UK industry will benefit greatly by developing uses and applications for its products.

The NEB invested the considerable sum of £50m in Inmos because, as the Board's chairman, Sir Leslie Murphy, has explained, private investors simply would not put their money into "leading edge" technologies since the risk was assumed to be too great.

No sooner had the establishment of Inmos formally been announced at a low-key Press conference at the NEB on July 21, than the founders—Dr. Petritz, Dr. Paul Schroeder and Dr. Ian Barron (the only Englishman)—sped back to Dallas, where Dr. Petritz and Dr. Schroeder have their homes, to establish their modest temporary headquarters. And no sooner had they done that than Mostek, one of the leading semiconductor companies in the U.S., slapped a suit on them.

The irony in the suit is that Dr. Petritz had been one of the founders of Mostek, in 1969: Mr. L. J. Sevin, Mostek's president, had been a golfing companion. Mr. Sevin takes no relish in the action: privately, he has no wish to stifle the Inmos initiative. But the logic of the U.S. semiconductor business allows of no sentimentality. "It's war," says Mr. Sevin. "The semiconductor companies are out to destroy each other." He had to be able to demonstrate to his stockholders that he had done everything in his power to stop Inmos dead in its tracks.

So far, he has had a partial success. A preliminary injunction, filed in a Dallas court on September 22, sought to prohibit five former Mostek employees—one of whom was Dr. Schroeder—from revealing confidential information gained at Mostek to Inmos. In effect, if successful, it would have stopped the ex-Mostek men from working. The injunction also asked that Inmos be prevented from hiring any more Mostek engineers.

The injunction failed, Texas District Judge Robert Porter expressing the view that "Mostek has failed to show that its techniques or information have been or will be utilised or disclosed." But three of the five defendants—Ward Parkinson, Dennis Wilson and Douglas Pitman—resigned from Inmos after less than two months of work and set up their own company, Micron Technology, which so far has one client—Mostek. In fact, the three have returned to the same work they were doing before they left for Inmos: the design and development of the next generation of memory device, a random access memory with a capacity of more than 64,000 "bytes" of memory, known as the 64K RAM. Besides Dr. Schroeder—who is now deputy managing director, under Dr. Petritz—Inmos was left with David Wooten, whose project with Mostek had been to design a micro-computer on a single chip of silicon.

At a stroke, then, Inmos has been deprived of several key employees. In addition, the substantive Mostek suit—alleging breaches of anti-trust laws and unfair competition—remains hanging over it, a nagging worry for the future.

The diminished team has now resumed its work, which largely consists of interviewing the key engineers and executives the company will require, and prospecting for sites for its technical centres—one in the U.S., one in the UK—where the research and development work on its first products will be carried out. The U.S. centre is unlikely to be in Dallas: the "Silicon Valley" area in Santa Clara, south of San Francisco, is a possibility, but it is now displaying the problems of popularity—a leaping of real-estate values and a desperate competition among its hundreds of electronics companies for skilled workers. In the UK, Dr. Barron, who will head up the British division, has Bristol high on his list of possible sites.

Ashley Ashwood

The founders of Inmos — Dr. Richard Petritz (left), Mr. Ian Barron (centre) and Dr. Paul Schroeder.

As Inmos pokes its head above the ground, questions emerge on its future role. First, how will it bear the heat of the U.S. semiconductor kitchen? And second, what will be its effect on the UK economy which it is supposed to help dynamise?

The semiconductor executives in Santa Clara and Dallas believe that their business is among the toughest in the world, and they may be right. Cost-cutting is not an occasional exercise undertaken to gain marginal advantage: it is a way of life. The "learning curve"—the process by which increasing sales and technological improvement bring down the price—dominates the industry's economics.

## Price-cutting war

A classic example of the savagery of the price-cutting is the war initiated by Texas Instruments in 1970, the industry's worst year. The price of a particular series of components—Texas' was the 74TTL series competing against the Fairchild 9000 TTL series and comparable products from other companies—came down, in the case of one component, from 75p to 9p in the space of 18 months, Fairchild lost $19.3m that year, and indeed its temporary failure was a factor in the decision by the UK's General Electric to close down its volume chip production at Marconi Elliott, which was closely linked to Fairchild and which produced chips to Fairchild designs.

Texas still tends to dictate prices, the efficiency and scale of its operations ensuring that it holds the dominant place in the market. But there is another weapon available to the other leading companies—design. The corporation which can bring out the latest generation of microprocessor or memory to find general acceptance — that is, which becomes the "industry standard"—will make massive profits on that product, forcing the competitors to buy a licence and the chip's technology from the leader simply to stay in the race.

Hence the enormous pressure that is put on the design engineers to come up with a product quickly enough and efficiently enough to clean up the market; a pressure which can be wearing. "Yes, they wear out," says Mr. Sevin, "so you have to replace them." Hence, too, the enormous prestige which can accrue to those designers who can deliver the "industry standard" product. Like the Clark Gables and Marilyn Monroes of an earlier Californian industry, they are great for the box office. Paul Schroeder, of Mostek, is such a star: he was crucial to the development of Mostek's 4K and 16K memories. Now the NEB hopes he will be good for its box office.

The established semiconductor companies — Texas Instruments, Fairchild, National Semiconductor, Mostek, Intel and Zilog—have enormous cumulative experience in this kind of guerrilla warfare. Their major competitors, after each other, are Japanese companies like Fujitsu and Toshiba. Says Mr. Sevin, pointing to a lush tropical plant in the foyer of his new headquarters building, "sometimes I think there's a Japanese sniper hidden in there who's going to get me one morning." None of them wants even more competition around, in the shape of Inmos. Perhaps predictably, in view of their past successes, some have dismissed it.

Mr. Wilf Corrigan, the Liverpool-born president of Fairchild, has a certain vested interest in doing so, since his company, in partnership with GEC, will soon be mass-producing chips, probably from a base just across the Mersey from Mr. Corrigan's home town. In the first place, he does not think that a new company can break in, secondly, he does not believe that any venture financed by a government, as Inmos is, will be able to shake off politicians who will want to run the company; and thirdly, he has a low opinion of European state enterprise, where "the governments are socialistic, or socialist, or worse."

Dr. Petritz has a major defence against these views. The semiconductor business, he believes, takes periodic technological "leaps." One such was the leap from medium-scale integration (MSI) to large-scale integration (LSI)—the current technology in the industry for etching circuitry onto the silicon chip. The next leap will be to very large-scale integration (VLSI), and the 64K RAM will be one of the first products of this new technology. To effect such a leap, and fully to take advantage of it, Dr. Petritz argues, a new corporate structure is required unencumbered by old ideas (that is, last year's) and, more practically, with no outdated capital equipment making obsolete LSI products. For each "leap" requires new machine tools, an even new machine tools for the new machine tools, and these must often be designed and specified by the semiconductor companies themselves.

All the new advances in technology, says Dr. Petritz have been made by new companies—notably Intel and Mostek. The entrepreneurial spirit requires independence and a sense of new challenge to make breakthroughs—and if its capital comes from a government which is socialistic or worse, it hardly matters, as long as the principle is recognised.

The NEB—and the British Cabinet — have accepted Dr. Petritz's logic, and backed his faith. Soberly, he says he is conscious of the responsibility this places upon him. Yet if the faith is not to be misplaced, and Inmos is to succeed, part at least of that success will depend on how readily the European, and especially the UK, electronic industries respond to it.

The NEB itself will play a crucial role in this. It was revealed last month that the Board intends to take a hand in developing a substantial word processing (electronic typewriters linked to computers and printers) industry, which will be a major user of micro-processors and memories. It is also, painfully, seeking to re-structure the telecommunications manufacturers: if successful, the attempt should result in a more export oriented industry selling the all electronic System X which will gobble up the chips. (Even if it is largely confined to the home market, System X will be a major customer.)

## User industry dependence

As the applications multiply so the need for the chips grows. But part of the argument for Inmos went beyond the simple satisfaction of demand. It is assumed that its presence will stimulate inventiveness in user industries, which will in turn react back on the design work of the Inmos engineers, in a synergetic process which presently finds its acme in the humming groves of Silicon Valley. Without Inmos—or GEC/Fairchild, for that matter—a user industry dependent on imported components will simply continue to lag.

Even if this argument is accepted, users will not buy from Inmos simply because it is British-based and British-controlled. It has to compete for the business both on price and design. If Inmos is beaten in a price war with the U.S. companies, then the synergetic process will not get off the ground. That is its first, most difficult, most crucial battle—and it faces the shock troops of U.S. industry.

# MEN AND MATTERS

## Far from their own parlour

The City travelled up the river to Westminster yesterday, and found it all rather bewildering. From the way the chairmen of three of the big four clearing banks negotiated the interminable panelled corridors of Parliament it was obviously unfamiliar territory. But the chairmen and their economic advisers — perhaps best described collectively as a parlour of bankers—finally found the room where the Commons Expenditure Committee was sitting. After a few minutes waiting and looking slightly out of their depth in the corridor away from the City offices where they wield their power they were finally summoned in.

Once inside the bankers found themselves in the unusual position of being at the receiving end of questions. Anthony Tuke of Barclays and Robin Leigh-Pemberton of Natwest explained that they were more familiar with commercial banking than with the European Monetary System which they had been called to discuss. Instead the star of the occasion was very much Sir Jeremy Morse of Lloyds Bank.

Sir Jeremy is one of the world's experts on international monetary reform: he chaired the Group of 20 working party on the subject in the 1970s.

His statement was perhaps the most persuasive case for UK entry yet heard, even if he did admit that there was an element of "faith and courage" about what he described as the second experiment in what would probably be a series.

But the committee itself, perhaps influenced by last week's leak of a Treasury paper listing some disadvantages of the scheme, did not appear to be impressed. Indeed it was probably hoping to have heard the views of the one absent chairman from the big four, Lord Armstrong of the Midland. He has said the present scheme is not worth a "row of beans." Yesterday, unfortunately, he was kept away.

## ABC blank

Walking past the Old Bailey at lunchtime yesterday I came across the singularly non-judicial sight of a picket—and the singularly unlikely sight of blank white placards. The 50 pickets explained this unusual weapon was chosen because the judge in the Official Secrets Trial had warned that slogans might be a contempt of court.

The picketers described themselves as official too, and say that each week they have one lunchtime session: yesterday's was attended by Labour MPs Robin Cook and Jo Richardson. Might Anthony Wedgwood Benn, who has been pressing to make intelligence services more accountable, join in? "No" was the simple answer later from his office.

Absent from the pickets were the defendants A, B and C—Crispin Aubrey, John Berry and Duncan Campbell. It is two months since they first appeared in the dock. Since then precedents have been set involving the Official Secrets Act itself as well as the way juries are chosen and the restrictions which judges can impose on coverage of a trial. But yesterday the public gallery housed a mere dozen spectators and only two of the daily papers had reporters present in court. As for the picket this attracted some rather contradictory photographic coverage — from the (Trotskyist) News Line and that paper's least-loved journalistic colleagues, Soviet Television.

## Penned in

Down on his farm John Chaloner, founder and ex-chairman of the international magazine distributors Seymour Press, is chewing over an idea for a book which should raise a few eyebrows in the secretive world of merchant banking. He tells me he practically lived at Rothschilds while the sale of 60 per cent of his £8m-turnover company was going through, so he has plenty of raw material.

"I couldn't believe the drama, the crises, the bluff and counter-bluff that went on between them and Hill Samuel, acting for Siemssen Hunter, who eventually bought the company," he says. "It would be a shame not to use it."

He was fascinated by the contrast of style between Rothschilds and Hill Samuel, by the phenomenal amounts of money changing hands, by the pace and tempo of it all. Yes, he admitted, he was "disquieted" by just how paltry his company seemed to them. For him the Seymour Press was a labour of love—founded in 1948 with the £80 he had left of his Army pay. With this he bought a van, hired a basement, and started to distribute the Herald Tribune at night.

But by the end of last year the spectre of Capital Transfer Tax and the "staggering" income tax he was paying made him give it up: "To have an extra £1,000 in hand the company had to pay me £26,000 extra. And if I kicked the bucket the whole thing would go up the spout. It had got as silly as that. I don't know what they think they are doing."

Even his 130-acre farm in Sussex would, says Chaloner, 54, be "bashed into the ground" by CTT if he died. "I've always been a Robin Hood man myself. I seem to be cast in the role of the Sheriff of Nottingham."

Chaloner, now a full-time author, is at present engaged in the more gentle pursuit of mounting an exhibition and sale for charity of the illustrations he has done for his seven children's books.

## Joint effort

In all the description of dons' generosity as the battle heated up for Oxford's Professorship of Poetry one point escaped comment—that both Reginald Maudling and Denis MacShane were to be found among the sponsors of the eventual victor, John Jones. Both turn out to be graduates of Merton, but resemblances stop there. Indeed the last time their names were coupled was when the present president of the National Union of Journalists used such terms to describe Maudling on a BBC phone-in programme that the Corporation gave Maudling an apology and £10,000. Poetic justice perhaps, but hardly the stuff of poetry.

## Eat cake

Those doleful people who are unable to strike bread in the bread strike might spare a thought for a group of small businessmen who are suffering more than most—sandwich bar proprietors.

At one such bar near St. Paul's, a colleague who frequently takes his cheese between two slices of starch heard another potential customer informed: "Sorry sir, we're only serving regulars."

A prolonged strike is clearly going to have a devastating effect on the sandwich market, though it might do wonders for a few waistlines. As for the sandwich bars themselves, they will doubtless come up with a satisfactory answer. Indeed, my colleague's regular haunt is already making contingency plans. "We may," said the proprietor with a horrified look, "have to think about cooking." Perish the thought.

**Observer**

# Hong Kong losing its 'Berlin' complex

هكذا من الأصل

BY DICK WILSON

AT A DINNER party in Hong Kong recently, a successful Hong Kong Chinese, a property developer, found himself facing a Communist trade official of the Peking Government.

"When," the Hong Kong capitalist asked loudly, "are we going to negotiate this lease business?"

There was a short, though not hostile, silence until the host tactfully raised a new conversation topic.

The question, thus directly posed, is not answered by *Peking*. But until six months ago it would never has been publicly put by a Hong Kong Chinese to a Peking official.

In fact there is a wide expectancy that the issue of Britain's 99-year lease of Hong Kong's New Territories, due to expire in just over 19 years, will be resolved without fuss during the early 1980s.

## Individual leases

One plausible explanation of events is that a bold Governor, in 1981 or 1982, would quietly order his legal officers to write individual leases for home-owners, developers and industrialists in the New Territories running beyond 1997.

The lawyers would protest that Britain had no legal right to give away land not hers by treaty; but the answer to this would be that only China could properly protest, and that China's acquiescence would be secured by prior diplomacy.

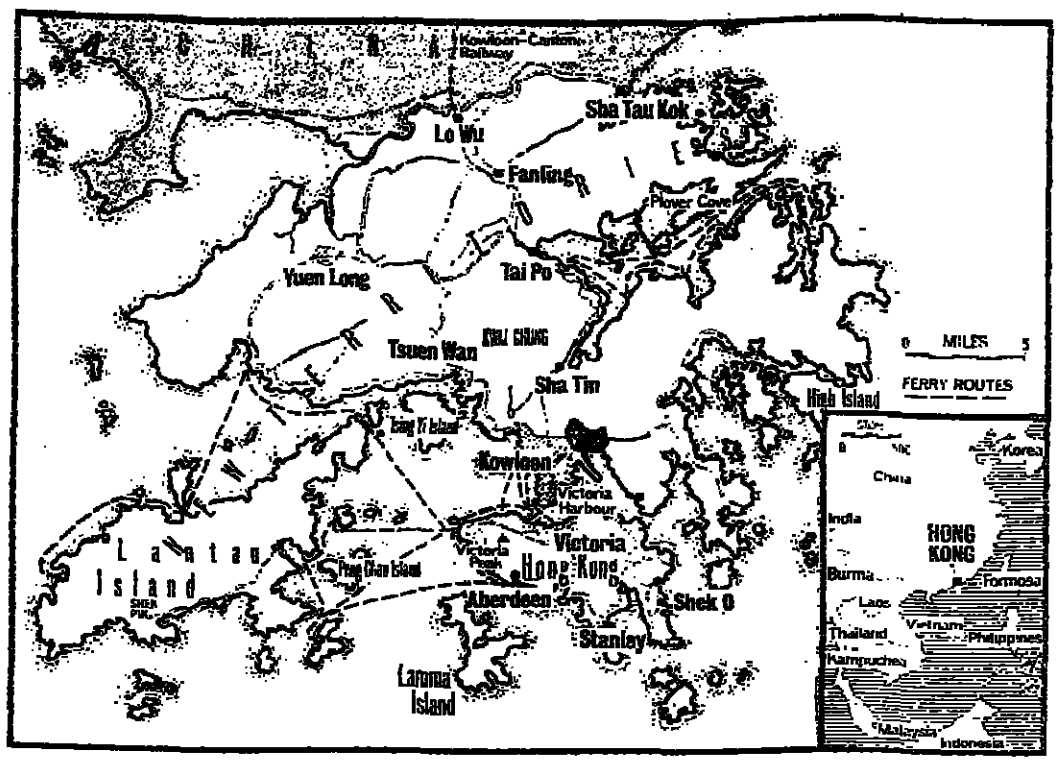
The alternative, after all, would be to destroy the hopes of Hong Kong's burgeoning middle-class for the mortgage path to flats of their own, as well as to erode the confidence of investors in longer-term returns.

China could not formally extend the 99-year lease, for that would be to recognise what it regards as an illegal and unequal treaty and would run against the current tide of nationalism.

But China would be ready, its representatives now indicate, to acquiesce in the indefinite continuation of British administration beyond 1997 if the circumstances at that time still favoured it.

So keen are the Chinese to ensure that the economic value of Hong Kong to China is not diminished by any lack of confidence on the part of its capitalists, that they have hinted at their own readiness to extend *long-term loans* in Hong Kong beyond 1997. Such a "lend-lease" operation, as some local wits have termed it, would provide great reassurance about China's future attitude.

Then there are the possible precedents set by the pre-war retrocession agreements, by which Britain ceded back some of her former territories in central and northern China. The effect of these agreements was to confirm China's intrinsic sovereignty while providing for a continuation of de facto British administration. Thus, to put it bluntly, China wants Hong Kong to remain British for some time to come because a Chinese take-over would frighten away the capitalists. The textile quotas, on which Hong Kong's prosperity is founded, would be forfeited: the convertibility of the Hong Kong dollar would be destroyed and China would lose her largest




single source of foreign exchange.

What has brought the hitherto taboo question of the political-legal future of this booming city-state into the open is Peking's new policy of smiles and the courting of Hong Kong investment.

The unprecedented toasting (in orange juice) of the Queen's health by China's unofficial "Ambassador" at the Chinese National Day reception in Hong Kong last month was a high point in the new friendlier policy.

And when Bank of China executives entertain their British colleagues nowadays, they take them to one of the modern American-run hotels "instead of the workers' canteen in the basement," as one grateful guest explained.

The Communist spokesman who a decade ago was brandishing his fist and shouting barbed slogans outside the Governor's gate today assures his visitors that there will be "no more Red Guards."

But the new policy goes beyond nice words. Of the 1,000 or so new joint industrial projects in China, the majority have Hong Kong Chinese companies as their partner.

China's representatives are quite open about what is in it for the Hong Kong investor, who may "profit for 10 or 15 years . . . from our cheap labour," in the heretical-sounding words of one of them.

Makers of textiles, compressors and other small electronic goods; handbags, watch parts and straps, wigs and many other items are now taking advantage of this. The Chinese are said to reject outdated equipment, but one local electronics manufacturer has freighted his entire production line of a few years' vintage across the border, leaving his more up-to-date one to be joined soon by an even more sophisticated model—by which time his Chinese partner may buy the second one, and so on.

There is no ownership for the Hong Kong investor in China, but he can expect returns on the cost of the machinery and the know-how he puts in. Repayment can extend over anything from five to 15 years, with interest, and takes the form of products which he is free to market outside China.

In the case of hotel projects currently being negotiated, one Hong Kong-financed investment of some £10m in the form of everything save land, labour, sand and stone is to be repaid at the rate of £1m a year over 20 years, representing about 7 per cent compound annual interest. *But, like most of the* hotel projects, the return is in the form of vouchers which the investors may market outside China. The right to actually manage the hotel, including hiring and firing and the training of local personnel, is said to be guaranteed for three years.

There are several Hong Kong-led groups now negotiating for these joint hotel projects. For one of them alone the deal in prospect is for 5,000 rooms, or about eight average Hiltons. Speed is of the essence: one is to be commissioned next summer.

## Specialist groups

To underline the point that China, starved of technology under Mao, is now determined to milk Hong Kong for it, specialist groups of communist Chinese architects, port operators, technical training instructors and others are now coming to visit their Hong Kong counterparts.

The principal of the Hong Kong Polytechnic, Dr. Keith Legge, who led a 10-man mission to China last month, said afterwards that the Chinese technical universities were keen to exchange with Hong Kong, to obtain its advice on shopping for new equipment and to learn the new techniques used in Hong Kong.

*Hong Kong and China could* complement each other in these fields, Mr. Legge believes. "Their work on steels and its problems, for example, is very good: but they've done little work on polymers, plastic and composite materials. They're strong on film processing but not on data processing." Two Hong Kong Chamber of Commerce delegations are in China now, and more collaboration is expected to result from their missions.

Energy projects are also in prospect: Sir Lawrence Kadoorie may be about to realise his 30-year-old dream of serving Canton with electricity from his (privately owned) Hong Kong power stations, using coal or oil from China.

Offshore oil around Hainan Island, to the south of Canton, is plentiful, and of good quality, and there is talk of a pipeline to Hong Kong, which would enhance Canton's chances of upstaging Shanghai as an industrial centre.

But the sudden flow of new business is not all one-way. China continues to invest in Hong Kong: in ship repair, engineering, oil storage, petrol retailing, department stores and even real estate. A commercial complex being built over one of the new underground rail stations will be partly Communist-controlled.

The Bank of China and its Communist-directed associates are rapidly expanding their branch, deposit and loan business, with 130 branches to The Hongkong and Shanghai Banking Corporation's 174.

What is quite new is the confidence which all this engenders among the Hong Kong Chinese. One of them, a technician with *a local company among those* "investing" in China, refused to cut his hair short before going to his assignment there, despite the urgent advice of his superiors.

## Unconcealed distaste

On arrival, his lengthy locks were duly apologised for by the leader of the Hong Kong mission, whereupon the Chinese hosts declared with unconcealed distaste that, of course, they recognised that people in different places had different customs. In the end, the young man won golden opinions from his even younger Communist trainees.

Thus there is among the Hong Kong Chinese an unprecedented sense of equity in their relations with China—a delighted realisation that they are *needed*. And this in turn breeds confidence that the political future and the continued enjoyment of the leased lands are more certain than they have ever been.

"People here," an Asian diplomat remarked, "have lost their West Berlin complex."

What matters now is not the legality of Hong Kong but the fact that it is heading for a business-like collaboration that, in in the end, may merge them both into a developing super-China, where superficial political borders are less important than the underlying socio-economic links.

# Letters to the Editor

## Buying off trouble

*From the Director Finance/ Administration, Mick Walker Motorcycles*

*Sir,—It is not my normal policy* to write letters to newspaper columns, but I feel so dismayed to learn that Ford's and other large companies are offering their employees "attendance bonus," that this letter just had to be written.

What concerns myself, and I am sure any other sensible and long-sighted employer, is the long term effects this type of inducement to malingerers will have on those employees who at the moment arrive on time for work because they feel it is their duty to do so. Surely whichever way one tries to hide the true intent of such an offer, whether calling it a loyalty or attendance bonus, it still amounts to payment being made in an attempt to buy-off the troublesome faction, in an effort to avoid confrontation, but for how long?

Perhaps I am naive, but it was always understood by myself that it was one's duty to be at one's place of work as and when work time commenced. The possibility of an "attendance bonus" was never even contemplated.

Now could some person who is more conversant than myself in these matters please justify why an employee needs to be given a bonus for complying with what is after all his lawful and normal contractural hours of work, to which he agreed without duress and quite voluntarily?

Personally I do not believe for one moment that the mass of British workers are disloyal and *need to be bought-off*. Certainly if our employees are any guide, one could not wish for a more dedicated and hard working band.

Please let us not confuse loyalty payments with time-buying inducements. But on the other hand companies must be free to pay their workers according to their efficiency and company profitability, not according to some hypothetical percentage which the Government decrees is necessary.

Terry Dawkins,
*Norwich Road,*
*Wisbech, Cambs.*

## The snowball effect

*From Mr. F. Pike.*

Sir,—I think that the Chancellor would have had more success if he had gone for 9 per cent with a few exceptions in the more profitable sectors and it is still a viable fall-back position. By reducing expectations at the rate of 1 or 2 per cent a year, he would stand a better chance of bringing the steam roller to a halt at the bottom of the hill. We are probably witnessing another case of "more haste, less speed."

Of course, this is not true in the case of the Ford strike. It would seem that the longer we delay the settlement of the Ford dispute, the greater are the chances that the whole affair will *snowball on us*. The unions must obviously be able to justify the strike to their members and the payout time they would use would probably be a year. Thus, the original offer was worth 53.6 weekly pay packets. After a six-week strike they are offered 16.5 per cent, but there are only 46 weeks left in the year to obtain a payout. This offer is therefore worth *53.59 weekly pay packets*. Now all this may be irrational, but I would hesitate to go back to my (hypothetical) members if I could not do better. The greater the hardship endured, the greater the need to do better. Yes, it is snowballing.

There is another problem. If the Ford strike is allowed to merge with a Leyland strike, the chances of arriving at different settlements even vaguely related to profit margins will be lost.

F. K. C. Pike.
*50, The Shires, Luton, Beds.*

## Car makers and wages

*From Mr. W. McKay*

Sir,—The situation at Ford's worsens and is doing much to ensure an inflationary paper-chase pattern of wage settlements this winter. Could a Ford spokesman (or anybody else with special knowledge of the situation) explain the apparent lack of interest in moving towards a properly constituted share of added value payment scheme?

From a distance it seems that Ford employees are insisting on a permanent wages increase based on current profits but the business is not obtaining the diverse, self-regulatory benefits which can be obtained from a share of added value scheme. In essence, of course, such schemes guarantee the payroll at the historic fraction of added value and give automatic adjustment of individual wages in accordance with the prosperity of the enterprise and any achieved economies in the use of labour.

Why is there no sign of mutual attraction between the car industry's recurring problem and the type of solution advocated by the share of added value school?

W. McKay.
*11, Flintgrove,*
*Bracknell, Berks.*

## Industrial injury

*From Mr. N. Brierley*

Sir,—I write to draw attention to a feature of the Social Security Act 1975 which, potentially, adversely affects thousands of businessmen and their representatives.

A colleague paid a duty visit to a firm and was involved in a serious car accident when driving home (after the visit) with the result that one of his legs is now shorter than the other. In anticipation of possible future incapacity from arthritis he sought to have the accident registered as an industrial injury.

The Department of Health and Social Security has rejected his claim on the grounds that he was not on duty at the time of the accident. Had it occurred on the outward journey, it would have been admissible; had he been returning to his normal place of duty, say to leave his papers before going home, it would have been admissible: but since he was going home directly from the firm he had visited, his duty was deemed to have terminated before the start of the journey, and the claim was inadmissible.

Surely this is a case of good law but poor justice—and should be corrected.

N. Brierley.
*7, Southstoke Road,*
*Combe Down, Bath.*

## Parameters of uncertainty

*From Mr. L. Magnus.*

Sir,—Nicholas Colchester (Lombard, November 2) has a somewhat muddled view of what is involved when a market operates with all participants having "perfect information." "Instant information," while a necessary component of "perfect information," is most certainly not the same thing.

The economist, Walras, attempted to indicate what would result if "perfect information" existed in reality. All the various factors that comprise the supply and the demand in a particular market would be apparent to all participants. By definition, therefore, there could be no speculation, which arises only when there is ignorance, since the future would be known. Changes would both be orderly and anticipated.

Maybe the world will eventually witness the "Walrasian reality" but there is no such thing as "perfect information" in any major market at present. There are many reasons for the current turmoil in the currency markets and our ignorance makes us unable accurately to quantify them.

Mr. Colchester may well be correct in suggesting that "instant information" has exacerbated the volatility. Particularly so, in a time when the parameters of uncertainty have widened, consequently increasing the area of speculation. But the state of "perfect information" is nowhere in sight.

Laurie Magnus.
*28, Rumbold Road, SW6.*

## Contravening policy

*From Mr. H. Cole*

Sir,—Mr. Cotton's logic (November 6) leaves something to be desired. On his assumptions, anybody who takes a job at £60 a week and then receives an increase one week later, to £63, has gained 5 per cent in that week, or rather over 1160 per cent compounded over a year.

It is impossible to say just what rise the putative appointee to the Equal Opportunities Commission will receive unless his (or her) present salary, and fringe benefits, are accurately known, and can then be compared with what is offered.

In practice, it may well be that the new job will show a net improvement of little or nothing on appointment, and less than 10 per cent over the next two and a quarter years, but I agree that it would be interesting to see what the figures *show* once the appointment has been made.

Harvey Cole.
*9, Clifton Road, Winchester.*

## Supplementary payment

*From Mr. L. Robinson*

Sir,—To help resolve the present impasse may I suggest that the Government's 5 per cent norm be coupled with a supplement equivalent to the difference between the average basic increase and the nominal 5 per cent, payable restrospectively to those who have adhered to the pay guidelines.

Machinery already exists to monitor pay increases and therefore these supplementary payments can be made perhaps quarterly or half-yearly. Such an arrangement would ensure that those who have backed the pay policy would be at no disadvantage to the workforce as a whole. Furthermore if the Government wished to provide an incentive for acceptance, the supplements could well be tax free—administratively not impossible as they would be segregated from normal pay.

In my opinion most people are worried by the effects of inflation and would welcome a formula which on the one hand helps deflate the cost of living and on the other hand safeguards their interests in relation to others. I therefore think that the bulk of the workforce will more readily be prepared to settle for the Government's 5 per cent norm plus supplements in the knowledge that they will not lose out in the longer term. General acceptance of this formula will in itself contribute to a lower rate of increase.

Of course there are some who on the basis of industrial muscle will *enforce* inflationary demands, but their position would be less tenable if the bulk of their fellow workers accepted the proposals and their advantage would be less pronounced if others received tax free supplements.

It is in the public sector with the Government's direct involvement where this compromise solution could have most effect for there would surely be a greater likelihood of acceptance if Government employees were reassured that their relative position vis-a-vis the private sector would be maintained.

Lionel Robinson.
*"Arncliffe,"*
*Christchurch Crescent,*
*Radlett, Herts.*

## Lapses in life

*From Mr. P. James.*

Sir,—When the British Insurance Association did not immediately support Gordon Borrie's remarks over the appallingly high lapse ratios in certain *life assurance companies*, that was bad enough, but at least silence would have been better than for Alan Teale (November 4, page 22) to attempt to support the unsupportable. His remarks are a sad reflection of the way that the BIBA seems incapable of taking an independent line and unbiased stand over something of such fundamental importance.

For years *insurance* brokers with any claim to integrity have deplored the high lapse ratios *prevailing mainly in industrial* offices (but others as well) where, as Gordon Borrie has rightly remarked, 50 per cent seems to be the norm. Any thinking individual only has to examine the past performance figures to realise, while our best life offices are the best in the world there are too many others whose performance reflects no credit to the insurance industry.

It is extremely unfortunate that neither the Life Offices Association nor the Industrial Life Office Association over a long period has done anything to improve the performance of these offices and to encourage them towards the standards of the best. *It is surely obvious* that the worse the performance of the life office the more the inducements needed to sell. This should be, but regretfully is not, one of the major bones of contention that the BIBA should be sinking its teeth into.

To actively support something that a modicum of statistical investigation shows to be in urgent *need of change can do* nothing but harm for the professional integrity that the BIBA is attempting to portray.

Peter R. James.
*102, Insley Gardens*
*Hucclecote, Gloucester.*

## Flourishing business

*From Mr. H. Gosling.*

Sir,—Apropos the letter of D. H. Roper (October 20) posing the idle thought "most powerful and flourishing institutions rest on tax concessions." he has put the result before the effect. It is heavy taxation that often prevents a business flourishing, but please do not let us have too easy a business environment or there will be no scope for business consultants.

H. C. C. Gosling.
*36 Ashburton Place,*
*Kensington, SW7.*

# Today's Events

**GENERAL**

Mr. Wang Chen, a Chinese Vice-Premier, meets Mr. Anthony Wedgwood-Benn, at Department of Energy.

EEC Commissioners discuss cartel of synthetic fibre producers operating within EEC.

President Carter's Special Trade Representative, Mr. Robert Strauss, leaves Washington for Paris, Brussels, Bonn and Copenhagen.

Mail Order Traders' Association publishes Code of Practice.

Marine Engine and Equipment Manufacturers' Association annual lunch and meeting—speaker Mr. Peter Rees, shadow spokesman on Treasury affairs.

Second (and final day) of Financial Times' conference in Oslo on Nordic Banking and Finance.

Your Move Next exhibition at Unicorn Hotel, Bristol, organised by City of Sheffield to attract Bristol industrialists.

London Chamber of Commerce and Industry seminar on "Selling to Japan."

Britain's largest single overseas promotion this year opens in Mexico City (until November 17) entirely devoted to industrial technology, equipment and services—sponsored by British Overseas Trade Board.

Last day of Festa Malaysia at Commonwealth Institute, W8.

Sir Peter Vanneck, Lord Mayor of London, at C. T. Bowring (Underwriting Agencies) reception, Mansion House, 12.30.

Institute of Biology conference on Food, Health and Farming at Royal Society, SW1.

Debate on ordination of women at Church of England General Synod (third day), Church House, Westminster.

Men of the Year luncheon, Savoy Hotel.

**PARLIAMENTARY BUSINESS**

**House of Commons:** Queen's Speech debate continues. Subject: Rhodesia. Order on continuation of Rhodesian sanctions.

**House of Lords:** Queen's Speech debate continues: Subject: foreign affairs and defence.

**COMPANY RESULTS**

**Final dividends:** Central Manufacturing and Trading Group. Safeguard Industrial Investments. **Interim dividends:** Ash Spinning Company. John Bright Group. Hartwells Group. Hill Samuel Group. London and Northern Group. Mountview Estates. Readicut International. J. Sainsbury.

**COMPANY MEETINGS**

UU Textiles, Winchester House, 100 Old Broad Street, EC3.

# COMPANY NEWS

## Coats Patons profit cut and warns on second half

FROM SALES of £330.06m compared with £323.59m, profits before tax of Coats Patons were down from £40.91m to £32.85m in the first six months of 1978.

Sales were marginally up despite being adversely affected to the extent of £26m by the weakening U.S. dollar and other currencies. However volume was slightly down and an increase of 10 per cent in overall prices was insufficient to maintain margins in the face of rising costs.

The directors say that although the downward trend in sales volume is generally levelling out an improvement in margins will be difficult to achieve and given that exchange rate movements have been worse than expected, no significant improvement in second-half profits can be foreseen.

The directors say trading conditions were exceptionally difficult in Europe and North America—where profits were down by some £6m, offset by improvements in Australia and Latin America. In the UK trading profits improved sufficiently to minimise the loss of Temporary Employment Subsidy, despite several areas where problems still exist.

| | Jan.-June 1978 £000 | Jan.-June 1977 £000 |
|---|---|---|
| **Turnover** | 330,060 | 323,591 |
| Trading profit | 41,048 | 49,273 |
| Depreciation | 6,128 | 6,141 |
| Trading profit | 34,910 | 43,132 |
| Interest, etc. | 2,778 | 3,211 |
| Associated profits | 926 | 285 |
| Invest. & other income | 585 | 707 |
| **Profit before tax** | 32,846 | 40,906 |
| Tax | 14,109 | 17,738 |
| Net profit | 18,737 | 23,168 |
| Investment grants | 169 | 191 |
| Minorities | 2,157 | 2,953 |
| Extraord. losses | 152 | 156 |
| Preference dividends | 24 | 24 |
| Earned for ordinary | 16,811 | 20,134 |
| Ordinary dividends | 3,873 | 3,290 |
| Retained | 12,910 | 16,844 |

Increased borrowing levels account mainly for the rise in the interest charge, although borrowing requirements are not increasing at the same rate as they did in 1977. The increase in associated companies' profits is substantially due to better results in India.

Tax has been charged at 43 per cent based on the estimate of the rate for the year—no provision is required for ACT not immediately recoverable. Full provision has been made for deferred tax, but serious consideration is being given to adopting SSAP 15 in respect of the 1978 accounts, the board states.

Earnings per 25p share for the first half are shown at 6.1p against 7.4p. The interim dividend is 1.2957p against 1.1603p and the board confirms that the additional payment of 0.0317p for 1977 will be paid with the interim—last year's final was 2.0972p from pre-tax profits of £83.23m.

A maximum permitted total dividend is expected for the current year.

First-half results also show pre-tax profits on a Hyde computation at £18.7m compared with £21m in the same period last year.

See Lex

## HIGHLIGHTS

Half time figures from **Whitbread** are as good as expected with the group benefiting from increased volume and the absence of strikes which depressed the comparable period and further progress is anticipated for the remainder of the year. As forecast **Coats Patons** profits are well down on the first half of last year mainly due to a cut back in thread sales in North America and Europe and the deteriorating trend is still apparent in the second half. Lex also takes a look at **Associated British Foods**, where profits are 5.3 per cent higher with a setback in South Africa and Australia being offset by the UK where the elimination of last year's £2m bread losses has produced a £3m turnround but the results are overshadowed by the current bread strike. Elsewhere, **De La Rue** incurred a £1.2m fall in profits on the security side due to a move into losses on the money handling machine manufacturer De La Rue Crosfield. **Capper-Neill**, with profits 10 per cent higher, was slightly below market expectations with increased competition taking its toll on margins. **Arenson** has turned in strong recovery while **Martonair** continues to show solid growth.

## ELECTERMINATIONS

The report by the Department of Trade into the affairs of **Electerminations**, which is in liquidations, will be published today.

## Scotcros higher after six months

INCLUDING TAXABLE earnings of £136,000 from its French and Belgian interests acquired in November last year, Scotcros lifted profit for the six months to September 30, 1978, from £476,000 to £531,000. Group sales were up £4.63m at £13.94m with £3.92m overseas.

The period of consolidation following the capital investment in both the UK and France is proceeding and the surplus for the year is expected to show a satisfactory advance over the £628,000 achieved for 1977/78, the directors say.

There was no benefit from the new plastic sheet-making plant at Edinburg in the first six months but substantial provision made at the end of last year is adequate to cover any further commissioning costs. The book value of this facility has been reduced by £300,000 in light of results to date. After tax this is accounted for as an extraordinary loss of £144,000 (nil).

Net profit for the half-year came out at £257,000 (£229,000) after tax of £274,000 (£247,000) and earnings per 25p share were up 0.3p at 4.42p. The net interim dividend is raised to 0.9051p (0.8106p)—last year's final was 2.4317p.

| | Half-year Unaudited 1978 £000 | Half-year Unaudited 1977 £000 |
|---|---|---|
| Sales | 13,943 | 9,315 |
| UK | 10,027 | 9,315 |
| Overseas | 3,916 | — |
| Operating profit | 672 | 496 |
| UK | 516 | 496 |
| Overseas | 156 | — |
| Interest | 141 | 20 |
| Pre-tax profit | 531 | 476 |
| Tax | 274 | 247 |
| Net profit | 257 | 229 |
| Extraord. loss | 144 | — |
| To minorities | 12 | — |
| Attributable | 101 | 229 |
| Pref. dividend | 13 | 13 |
| Ord. dividend | 49 | 44 |
| Retained | 39 | 172 |

## Mid-year setback at Usher-Walker

Hit by industrial disruption at its London factory, pre-tax profits of Usher-Walker, maker of printing inks and rollers, fell from £264,000 to £224,000 for the first half of 1978.

Although turnover was higher at £2.96m (£2.71m), it has also been affected by continual disputes in the newspaper industry, says Mr. S. C. Biggs, the chairman.

He reports that the group's labour troubles have intensified, with its Marshgate Lane factory being shut completely since October 10 by unofficial strike action.

Although the directors are hopeful that the situation will be resolved in the near future, Mr. Biggs points out these problems will affect the current year's profits. For all 1977, a record £496,000 taxable surplus was reached.

Despite the present setback, the directors are confident in the future progress of the company.

Stated half-yearly earnings dropped from 5.65p to 4.71p per 10p share, while the interim dividend is lifted to 1.2827p (1.1487p) net — last year's final was 2.1199p.

After a tax charge of £122,000 (£142,000) and preference dividends, attributable profits for the period were down £20,000 to £100,250.

## Whitbread expands 28% to £32m midyear

THE DIRECTORS of Whitbread and Company report a 28 per cent increase in taxable profits from £24.95m to £31.93m for the six months to August 26, 1978, on turnover up by 15 per cent from £279m to £320.7m. Profit for the previous year was a peak £43.52m.

They state the first half increases were due largely to improved customer service in an atmosphere of better industrial relations, as compared with 1977/1978, allied with the price competitiveness of the group's brands.

These factors resulted in an increase in volume above the general UK beer market trend—an improvement they hope to maintain in the second half.

The directors believe that the group should maintain its momentum for the full year and are confident of the company's ability to take the fullest advantage of future trading opportunities; some £60m is planned to be invested during 1979/80.

The net interim dividend is raised from 1.1473p to 1.2811p per 25 p share, and an additional payment of 0.0423p is announced for 1977/78 on the reduction in ACT—last year's final was 2.7886p. Earnings per share are shown as 10.46p (8.36p) basic, and 9.55p (8.09p) fully diluted.

Pre-tax figure was struck after depreciation £7.12m (£5.9m), bank and loan interest £5.23m (£5.33m), and £145,000 (£201,000) gain on foreign exchange, and was subject to a tax charge of £8.11m, against £4.77m, which has been reduced by £8.26m (£8.18m) due to accelerated capital allowances and stock appreciation relief.

The attributable balance came out at £24.83m (£20.96m) after an extraordinary credit £1.02m (£816,000) and minorities, £9,000 (£40,000).

See Lex

## De La Rue over £13m midway

A DECLINE of £1.2m to £8.46m in the trading profit of the security division of De La Rue was more than offset by a sharp jump in performance by graphics from £365,000 to £1.92m for the half year to September 30, 1978. Also aided by a rise from £1.79m to £2.57m in the share of associates, group pre-tax earnings advanced from £11.92m to £13.24m.

Before associates profit margins slipped to 18.5 per cent (19.7 per cent). The lower margins in security from the exceptionally high levels last year was expected say the directors. The group result as a whole was higher than the budget with which the company started the current year, in spite of a disappointing outcome from De La Rue Crosfield where no improvement is seen for the second six months.

Although sales volumes are growing more slowly than expected in some areas of the business, margins in the second half are forecast to be up on the first six months and the Board therefore remains confident of a satisfactory result. Last year profit showed further growth to a record £28.34m, following the leap from £9.82m to £24.44m in 1976/77.

Sales for the half year were ahead to £57.85m (£51.54m) comprising £45.96m (£43.93m) by security and £11.89m (£7.61m) by graphics. The export content was marginally better at £33.62m (£32.5m), but on total turnover was down 5 per cent due to the incidence and timing of certain security contracts.

| | Half-year 1978 £ | Half-year 1977 £ |
|---|---|---|
| Sales | 57,851 | 51,540 |
| Security | 45,962 | 43,931 |
| Graphics | 11,889 | 7,609 |
| Trading profit | 10,376 | 10,026 |
| Security | 8,460 | 9,661 |
| Graphics | 1,916 | 365 |
| Interest† | 103 | 103 |
| Share of assocs | 2,565 | 1,794 |
| Pre-tax profit | 13,244 | 11,923 |
| Tax | 4,436 | 4,093 |
| Net profit | 8,798 | 7,830 |
| Minorities | 189 | 127 |
| Preference dividend | 6 | 6 |
| Attributable | 8,593 | 7,697 |

† Less central overheads not allocated.

Tax took £4.46m (£4.09m) leaving the net surplus up from £7.83m to £8.79m for earnings per 25p share of 22.6p (22.1p on capital increased by rights issue). The net interim dividend is raised to 3.908p (3.5p adjusted for share split). A further final of 0.09697p for the last year brings the total for 1977/78 to 9.99697p.

Treatment of deferred tax has been adjusted along the lines of SSAP 15. If a full tax charge had been provided on UK profits, the net surplus would have been reduced by £1.4m (£1.8m).

### ● comment

The most striking feature of De La Rue's figures is the £1.2m fall in trading profit on its security side, which was responsible for yesterday's sharp fall in the shares. The lower profits in this division reflect a move into losses at De La Rue Crosfield, the money-handling machine manufacturer, where new product development has been delayed, and a lack of the exceptional high-margin contracts on the printing side that were a feature of the first half of last year. Against this, the Graphics division (electronic equipment for the printing industry) seems to be coming good and its extreme seasonal fluctuations are being evened out. Associates are helped by the strength of the Swiss Franc, but elsewhere there is a small adverse currency effect. Overall banknote exports in value as well as volume terms are slightly down on the year ago but the company is confident it can improve on last year's £28.3m pre-tax profit, as exports and profit margins should pick up. Down 20p at 395p the shares yield a prospective 4.2 per cent on a historic p/e of 7.2.

## Yearlings up to $11\frac{5}{8}$%

The local authority one-year bond rate is up half a point to 11⅝ per cent this week. The yearlings are issued at par and due on November 12, 1979.

This week's issues are—Grampian Regional Council (£1m), City of Lincoln (£½m), Strathclyde Regional Council (£1½m), London Borough of Wandsworth (£½m), City of Manchester (£3½m), Tonbridge and Malling District Council (£½m), Malvern Hills District Council (£½m), South Bedfordshire District Council (£1m), City of Norwich (£½m), Rother District Council (£½m), City of Dundee District Council (£1m), City of Edinburgh District Council (£½m), City of Manchester (£3½m), Stafford Borough Council (£½m), City of Stoke on Trent (£1½m), Tendring District Council (£½m).

Blackpool Borough Council has raised £½m of 12¾ per cent bonds dated November 4, 1981 at par.

## Allied London climbs over £1m

PRE-TAX PROFITS of Allied London Properties climbed to £1.07m—the first time over £1m—for the year ended June 30, 1978, against £970,589 last time, on turnover down by £1m to £6.81m.

Mr. Morris Leigh, the chairman says the directors are confident of maintaining progress. He adds that the company is in a strong position to take advantage of any situation arising for acquisitions or investment.

Earnings per 10p share are 5.26p (4.45p) and the total dividend for the year is effectively increased to 2.0645p (adjusted 1.8489p) net with a final of 1.46875p (1.253p). Also proposed is a scrip issue of preference shares on the basis of one preference for every 10 ordinary held.

The housing division, Sterling Homes, continues on a steady course, the chairman states, with sufficient land in hand to maintain targets at a similar rate for three years.

Net profit came out at £557,957 against £470,353 after tax of £513,281 compared with £500,238.

During the year the group issued £4.1m of debenture stock in order to raise further long-term finance for further expansion.

## AB Foods profits in jeopardy

ALTHOUGH SALES and profits of Associated British Foods were higher in the half year to September 30, 1978, the bread strike has put a new light on prospects for the rest of the year.

Mr. Garry Weston, the chairman, says that bread manufacturers "are once again used as the instruments of Government policy, this time to resist the aspirations of those who will not accept such policies. It is impossible for me to continue to be optimistic about the outcome for the year."

Normal trading in the past resulted in some 55 per cent to 60 per cent of group profits being earned in the second half.

Mr. Weston says, however, this year the whole of British industry is placed under a great deal of uncertainty "resulting from the Government's attempt to maintain a pay policy that has not received a wide degree of support from trade unionists, and this is especially critical in the labour intensive industries of food manufacture."

On worldwide sales up by £60m to £877m in the first half, pre-tax profit increased by just over 5 per cent from £32m to £33.7m. The increase in turnover is after taking into account reductions of £20m for currency realignments and £35m following the sale of Alliance Wholesale Grocers.

In the UK profits increased by £3.7m while overseas profits were £2m lower including £1.1m for currency realignment. Despite the continuity of the High Street price war the group's retail divisions increased their share of the market, says Mr Weston.

The interim dividend is raised from 0.7955p to 0.8882p a 5p share—last year's total was 2.3151p a share paid on a pre-tax profit of £77.6m.

| | Six months 1978 £000 | Six months 1977 £000 |
|---|---|---|
| Sales | 877,000 | 817,000 |
| Trading surplus | 54,300 | 50,400 |
| Depreciation | 14,400 | 13,100 |
| Profit | 39,900 | 37,300 |
| Interest charges | 6,200 | 5,300 |
| Profit before tax | 33,700 | 32,000 |
| UK tax | 10,300 | 8,500 |
| Overseas tax | 5,300 | 6,000 |
| Net profit | 18,100 | 17,500 |
| Less minorities | 3,400 | 4,100 |
| Extraord. credits | 1,900 | 1,200 |
| Preference dividends | 20 | 20 |
| Ordinary interim | 3,179 | 2,839 |

The improvement in the results of the manufacturing division was largely due to the return to marginal levels of profitability of the bakery division, in contrast to the substantial losses incurred during the same period last year. While the contribution of some of the group's smaller manufacturing companies was below budgeted levels, the results in total can be considered satisfactory bearing in mind the further increase in competitive pressures within the food industry.

Sales in Australia increased by 9 per cent and the profit before tax was nearly 14 per cent higher than for the corresponding period last year. It is considered these satisfactory results will continue in the second half of the year.

The profits of Premier Milling Company were 20 per cent lower despite an increase of 11 per cent in turnover. Overproduction in South Africa caused by excess capacity and lack of demand in a number of industries in which the company operates created great pressure on profit margins particularly in the egg, feed and poultry divisions.

However, it is anticipated that more stable conditions will prevail in the second half of the year and the profits for the year should not be materially different from those of the previous year.

Financing charges overseas have had the effect of increasing the overall group interest charges.

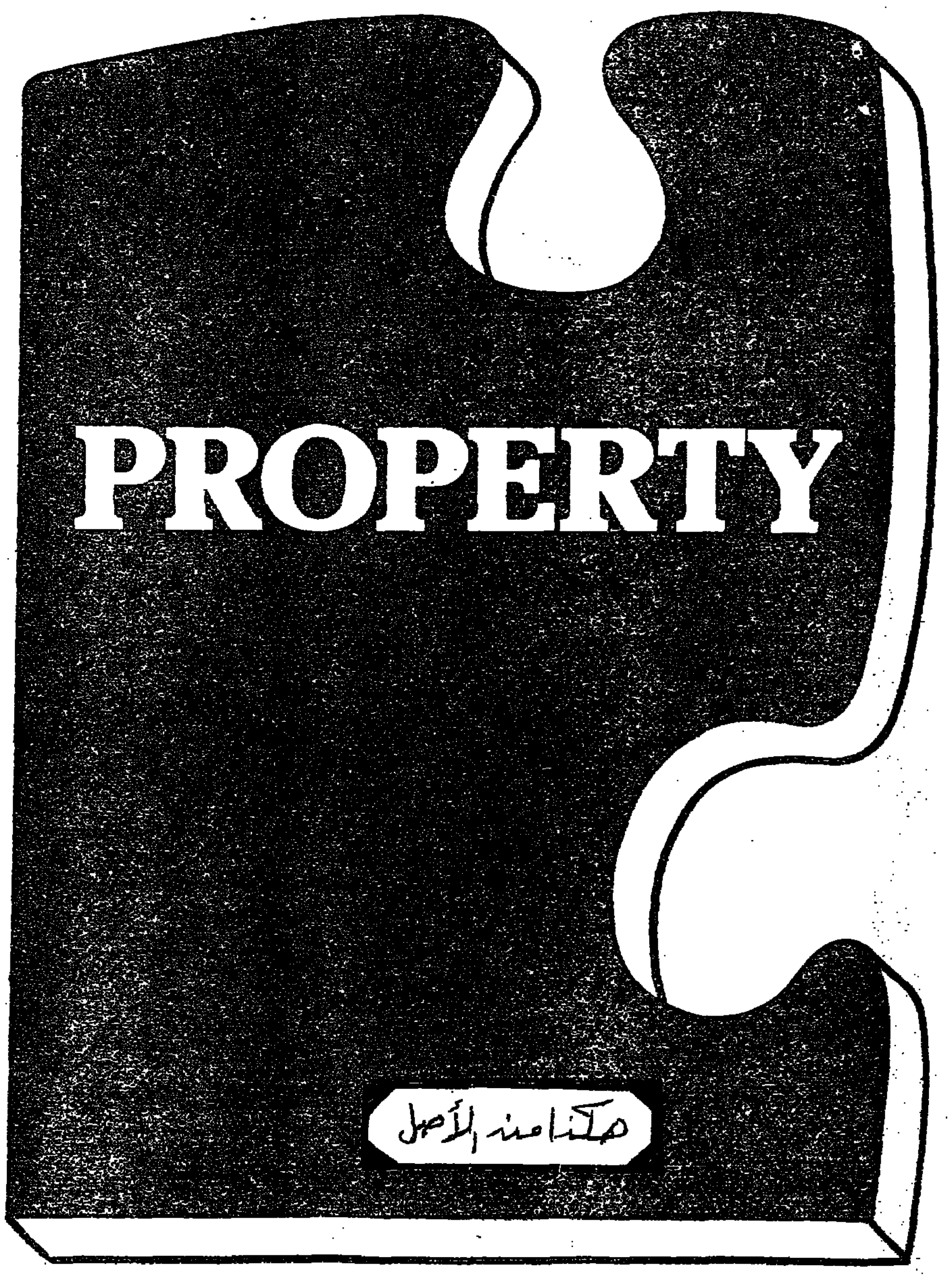
See Lex

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| AB Foods | int. | 0.89 | Mar. 12 | 0.79 | — | 2.32 |
| Roberts Adlard | int. | 1.75 | — | 1.59 | — | 4.36†† |
| Airflow Streamlines | int. | 0.63 | Jan. 5 | 0.63* | — | 2.46* |
| Allied London | | 1.47 | — | 1.25* | 2.06 | 1.85* |
| Ambrose Inv. Tst. | int. | 2.2 | Dec. 15 | 1.8 | — | 4.5 |
| Anglo Scot. Inv. | | 1.1 | Jan. 4 | 0.99 | 1.8 | 1.6 |
| A. Arenson | | 1.44 | — | 1.28 | 2.13 | 1.91 |
| Bank of Ireland | int. | 6.5† | Dec. 18 | 5 | — | 15 |
| Belhaven | int. | 0.42** | — | Nil | — | Nil |
| Bradford Prop. Tst. | int. | 3.8 | Jan. 5 | 3.4 | — | 6.81 |
| Bridport-Gundry | | 1.2 | Jan. 16 | 0.61 | 2.1 | 1.27 |
| Capper Neill | int. | 1.17 | Jan. 6 | 1.05 | — | 2.12‖ |
| Cater Ryder | int. | 4.1 | Jan. 3 | 4.04* | — | 17.11*‖ |
| Cedar Tst. | | 1.75 | Dec. 13 | 1.6 | 2.75 | 2.5 |
| Clement Clarke | int. | 1.05 | Jan. 5 | 0.94 | — | 2.16 |
| C.L.R.P. | | 1.3 | Dec. 19 | 1.3 | 2.1 | 1.9 |
| Coats Patons | int. | 1.29 | Dec. 29 | 1.16 | — | 3.29¶ |
| De La Rue | int. | 3.91 | Jan. 4 | 3.5† | — | 10‡ |
| Drayton Tst. | | 3.2 | Dec. 19 | 3.48 | 5.2 | 4.7 |
| Elleuroad Ring Mill | int. | 0.5 | Dec. 19 | 0.5 | — | 2.16 |
| Eva Inds. | | 2.4‖‖ | Jan. 31 | 1.9 | — | 4.8 |
| Gieves | int. | 1.75 | Dec. 21 | 1.5 | — | 4.47 |
| Highgate and Job | int. | Nil | — | 1 | — | 2.5 |
| Jessups | | 1.48 | Jan. 4 | 1.05 | 1.98 | 1.55 |
| London and Prov. Shop | | 0.49 | — | 0.44 | 0.82 | 0.74 |
| Martonair | | 4.28 | Jan. 12 | 3.76 | 6.93 | 5.54 |
| W. L. Pawson | int. | 0.6 | Dec. 15 | — | —§ | — |
| Scotcros | int. | 0.91 | Jan. 9 | 0.81 | — | 3.24 |
| Scottish Nat. Tst. | | 2.5 | Dec. 19 | 2.2 | 3.9 | 3.45 |
| Usher-Walker | int. | 1.29 | Dec. 11 | 1.13 | — | 3.27 |
| Whitbread | int. | 1.28 | Jan. 11 | 1.15 | — | 3.98‡‡ |
| Young Cos. Inv. | int. | 1.6‖‖ | Dec. 29 | 1.4 | — | 3.65 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.09697p for 1977/78. § Forecast 2.2914p total in September 1978 prospectus. ¶ Additional 0.0317p payment confirmed. ‖ Includes additional 0.016p for 1977/78. ** Subject to court confirmation on reconstruction. †† Includes additional 0.0413p for 1977. ‡‡ Includes additional 0.0423 for 1977/78. §§ Includes supplementary 0.19497 now payable. ‖‖ To reduce disparity with final.



# Second half acceleration leaves Arenson 88% ahead

BENEFITTING FROM a concentrated effort to lift margins in the second six months, A. Arenson (Holdings), office furniture and equipment maker, expanded pre-tax profit for the year to July 31, 1978, by 88 per cent from £470,000 to £886,000—just ahead of the previous peak achieved in 1973-74. At halftime the surplus was £117,000 higher at £278,000.

Sales for the year reached £13.17m, compared with £11.94m.

The only disappointment was the lower export sales which were hard hit in the second six months, says Mr. Archy Arenson, the chairman. He adds that he believes this was only a temporary situation and has already started to improve.

At the year end the group was in a healthy financial position and, "strengthened reserves help by a low tax charge have underpinned our financial stability for the future," he says.

The current year has started well in all important areas and the directors are confident that margins will continue to rise but, at the same time, they will be placing emphasis on increasing sales volume during the 12 months.

Stated earnings per 10p share climbed to 15.15p (6.23p) or 13.28p (6.16p) fully diluted. A net final dividend of 1.44271p raises the total to 2.1345p (1.9115p) and costs £189,000 (£164,000) after waivers of £4,716 (£9,620).

A tax charge of £93,000 (£91,000) left the net balance at £793,000 (£379,000).

## ● comment

A. Arenson has lived up to its promise by improving margins, although the near three points rise to 6.7 per cent is still well short of the 11.3 per cent achieved in the record year of 1973/74. Nevertheless, in terms of profits the company has made a full recovery with a pre-tax jump of 89 per cent, thanks to a 5 per vent volume rise, price increases of about 10 per cent from February and a general improvement in efficiency. The increased sales are being felt in both domestic and office furniture sectors although exports—25 per cent lower at £1.5m—have been hit by the political uncertainties in France and Belgium. The company is confident of further improving its margins so coupled with the reported volume gains (especially on the flat pack domestic side), there should be every chance of another respectable profits rise this year, although not at the same rate as 1977/78. The shares rose 4p to 79p, which gives a p/e of 5.8 and a yield of 4.1 per cent, which is hardly a demanding rating.

# Bradford Property advances

For the half year to October 5, 1978 Bradford Property Trust reports an advance in pre-tax profits from £1.68m to £2.4m.

Net attributable earnings are shown to have risen from 10.75p to £15.2p and the interim dividend is stepped up from 3.399p to 3.3989p net. Last year's total payment was 6.8097p from profits of £4.36m.

Rental income for the half year totalled £1,181,650 (£1,083,190), sales by dealing companies £3,374,500 (£1,897,275) and surplus from property rentals £716,798 (£687,893).

Miscellaneous income amounted to £211,050 (£58,706) with profit from property sales being divided as to dealing companies £1,429,068 (£904,747) and investment companies £49,986 (£44,126).

The associated loss was £5,500 (£12,458). Tax took £1,234,596 (£866,181) and the profit attributable came out of £1,166,806 (£816,833).

# First half progress by Jackson Group

With turnover up £1m to £5.15m, pre-tax profits of Jackson Group, the construction and industrial services concern, marginally improved from £229,000 to £235,000 for the first six months of 1978.

There was no tax for the period and after minorities of £7,000 (£18,000) and an £8,000 extraordinary debit last time, available profits advanced from £203,000 to £228,000.

Mr. Frank Jackson, the chairman, says the net result is in line with expectation and supports his June forecast of a satisfactory performance for the year.

No tax charge is anticipated for the current year because of investment in equipment and increase in stocks and work in progress.

Stated earnings, before extraordinary items, are 9.1p (8.4p) per 10p share and the interim dividend is raised from 1.32p to 1.45p net, payable December 8, and costing £12,000 (£7,000). Last year's final was 1.98p on £504,000 pre-tax profits.

The company's shares are traded by M. J. H. Nightingale and Co.

# Clement Clarke up at halfway

ON TURNOVER of £4.56m against £3.46m pre-tax profits of Clement Clarke (Holdings) rose from £388,000 to £533,000 for the half year to June 30, 1978. Profits for the whole of 1977 was down from a record £957,719 to £879,196.

At the present time all divisions are maintaining their progress and indications are that the full year's results will be very satisfactory, states Mr. John H. Clarke, the chairman.

The planned expansion last year in the optical sector has been justified in the light of results, he adds, with retail sales in both dispensing and ophthalmic branches rising steadily. The performance of Clement Clarke International was excellent, he says, with increased sales coupled with controlled overheads producing a record half-year profit.

Export sales for the period were also a record, reaching £548,782.

Pre-tax figure was struck after depreciation £17,845 (nil) and was subject to tax of £277,000 compared with £197,000. The interim dividend is increased to 1.04687p (0.9375p) net per 25p share—last year's total was 2.1625p.

## BLANTYRE TEA SUBDIVISION

In order to improve marketability, Blantyre Tea Holdings proposes to sub divide each ordinary share of £1 into four ordinary shares of 25p.

# Martonair rises to peak £4.9m

PRE-TAX profits of Martonair International advanced to a record £4.89m for the year ended July 31, 1978, against £3.65m, on turnover ahead from £26.69m to £30.47m.

At the interim stage the directors reported an increase from £818,000 to £1.13m and were confident that results for the full year would again show a material increase over the previous year.

The results include only ten months' trading by the subsidiary in France, where the year end has been changed from June 30 to April 30 to suit local arrangements—the sterling equivalent of turnover there during May and June amounted to £782,000. This subsidiary achieved a small profit and continues to trade satisfactorily, the directors state.

A maximum permitted final dividend of 4.28p (3.758p) net per 20p share lifts the total for the year to 6.03p (5.343p). Also proposed is a one-for ten scrip issue.

Tax for the year took £2.72m (£2.11m) leaving a net profit of £2.16m against £1.55m. After an extraordinary debit last time of £139,242 and minorities £11,693 (£125,893 loss) the balance came out at £2.15m compared with £1.33m. The amount retained was £1.44m (£937,415).

Martonair manufactures pneumatic control equipment.

## ● comment

Martonair continues to show satisfactory growth although, as expected, the first half's very sharp advance was not repeated. Margins have now been improved to a handsome 16 per cent, a level that should permit the company to hold its prices in most markets and go for higher sales. In France, by contrast, the lifting of price controls should help Martonair's subsidiary in the current trading year to strengthen its position after the 1977/78 return to profitability. The shares have been volatile lately, but at 190p, against a recent high of 232p, they yield 4.5 per cent on a p/e of 10.2.

# York Trailer likely to miss £2m forecast

REPORTING ON a particularly difficult third quarter period for York Trailer Holdings, Mr. F. W. Davies, the chairman, warns that 1978 results will most likely fall short of the £2m pre-tax profits forecast, made at the half-time stage. For 1977, a peak £2.74m was achieved.

In August, when announcing mid-way profits down from £1.14m to £0.86m, the chairman said that the outlook was significantly brighter for the second half, and consequently profits for the period were expected to be higher than in the first six months.

He now reports that in the third quarter there were enough diverse problems telescoped into three months to upset the full year's forecast.

Notable factors were unofficial industrial action at Scammell Trailers, and Anthony Carrimore (now resolved), a continuance of blocked shipments to African countries, the failure of heavy truck manufacturers to deliver chassis including, notably, Ford, and the absorption of start-up losses at the group's new Netherlands service operation.

Also, there was the traditional fall-off in new orders which always precedes the commercial vehicle show.

The directors are confident that the group will soon resume its interrupted upward trend. "Certainly the present greatly improved order situation points that way," the chairman states.

## AUDIOTRONIC

The finance director of Audiotronic Holdings, the company in which Mr. Geoffry Rose recently acquired a substantial interest, has been replaced. Mr. Alastair MacGillivray has resigned from the position which is now to be filled by Mr. R. Turner, previously with Debenhams and Peat Marwick Mitchell.

Audiotronic has also appointed as a director Mr. J. L. Kropf, who is also a director of Crellon Holdings and Changewares, both companies where Mr. Rose also has interests.

# Highgate & Job runs into midterm losses

Reporting a downturn from a profit of £103,000 to a taxable loss of £108,000 for the six months to September 30, 1978, the directors of Highgate and Job Group warn that it is unlikely that year-end results will show a substantial change for the better. Profit for the last full year totalled £106,000.

Turnover for the six months amounted to £4.52m (£5m). In view of the loss there is no interim dividend. Last year's interim was 1p net out of a total payment of 2.5p.

The directors state that the liquidation of high-priced sperm oil stocks without a corresponding increase in sales prices meant a continuation of the poor results shown in the second half of last year.

Commissioning of the new chemical plant and a new building plant interrupted development on this side of the business.

BIDS AND DEALS

# Serck's U.S. bid plans fall through

THE $25M ROUTE by which Serck, the UK industrial valve and engineering group planned to penetrate the U.S. market, has been abandoned.

In July, Serck announced that it was negotiating to buy the Aloyco specialist valve division of Walworth Company, one of the major valve makers in the U.S. and a subsidiary of Atlantic Richfield.

Following the purchase, Walworth, Serck and Aloyco planned to set up a joint management and marketing company which would administer both Walworth's and Aloyco-Serck's products.

Yesterday Serck announced that both plans had fallen through. According to the statement the negotiations collapsed under the impracticability of separating the Aloyco division from Walworth.

Atlantic Richfield bought Walworth in 1977 when it acquired the Anaconda Group. Since then Walworth has had a troubled history and Atlantic has been known to be trying to sell it for some time.

Walworth makes a wide range of valves including older type mass production iron, bronze and carbon steel ranges. In recent years Aloyco, which is the leading supplier of specialist stainless and alloy steel valves to the U.S. chemical processing industries, has been the company's main profit centre.

Serck was only prepared to buy Aloyco, and Atalantic Richfield finally decided that to sell the "jewel in the crown" of Walworth would leave it with worse problems in the rump of the business.

Now Serck has again started looking for U.S. acquisition possibilities. Yesterday, Mr. John Pinckard, the chief executive, said that he was "keener than ever" on setting up a U.S. base. With the weakness of the dollar it made less sense to export from the UK. In addition it helped to have a "U.S. image" when competing against major U.S. rivals, he said.

Serck's share price fell 1p following the news, to 7.9p.

## ALLIED RETAILERS SHARES JUMP

Shares of Allied Retailers jumped 8p yesterday to 110p, on bid rumours. The shares have now shown a two-day rise of 13p. Dealers said that Associated Dairies had been tipped as a possible suitor. Nobody was available for comment at Asda yesterday afternoon.

# Sime Darby pays £3m for two P & O offshoots

Peninsular and Oriental Steam Navigation Company has agreed to sell two Hong Kong subsidiaries to Sime Darby Holdings for HK$28m (£3m) in cash.

One is Mackinnon Mackenzie, an old-established shipping, warehousing, trading and travel company whose main assets are a six-storey, 150,000-sq-ft "godown" in Tsuen Wan, and a half share in another one of 100,000 sq ft near the container port of Kwai Chung.

P and O will retain MM's name and some activities, such as its travel and shipping interests.

The other subsidiary to be sold is Pennell and Co, a wine and spirits wholesaler.

The sales are part of P and O's "reorganisation and streamlining programme" said a spokesman yesterday. Activities which were not central were being sold, he said. In the half-year to June 30, P and O's pre-tax profits were down to £1.1m (£26.9m).

Sime Darby, in contrast, is engaged on a programme of expansion. It recently obtained loan facilities of £110m.

But Sime has sold a loss-making engineering company in the UK for a nominal £2. W. F. Stanley has been sold to a family holding company of Mr. Peter Curry and Mr John Curry, two directors of Unitech. Stanley has traded at a loss since it was purchased by Sime for £625,000 in 1975.

● Sime's auditors, Turquand Youngs and Co, may make a statement this week in response to the assertion by Sime last week that it had been advised it had a prima facie case against the auditors for negligence and breach of statutory duty in respect of the 1972 audit. The statement will be made on Thursday at the earliest, a spokesman said.

## HAWKER SIDDELEY IN MEXICO

Hawker Siddeley Power Transformers has entered into a technical service agreement with Industrial Electrica SA, of Mexico, and has acquired a 10 per cent participation (about £250,000) in the capital of the company.

The proceeds of the issue will be used to extend IESA's manufacturing facilities in Mexico City. IESA produces distribution and power transformers.

# Barclays plans further expansion in France

Barclays Bank group is planning a further expansion of its activities in France with the acquisition of majority interests in Banque la Prudence and Société Financière Lutetia.

Banque la Prudence is a private bank with assets of some FFr 200m (about £23m) operating in Grenoble with one branch and three agencies. Lutetia is a finance company with a balance sheet of some FFr 100m.

Barclays Bank SA, the French subsidiary of the UK group, said it intended to acquire a majority interest—understood to be around 90 per cent—subject to the approval of the French government.

The two companies are at present controlled by Société la Mure, an insurance group. Barclays said in London yesterday that the proposed acquisition will be a further step in the expansion of its banking operations in France. It follows the acquisition announced earlier this year of branches in Strasbourg and Sarreguemines from Banque Franco-Allemande.

The group has also been extending its specialised banking operations in France, announcing in July plans to buy 51 per cent of Société Bancaire de Paris, a merchant bank.

## RAYBECK/BOURNE & HOLLINGSWORTH

The offer by Raybeck and Bourne and Hollingsworth has Hollingsworth has become unconditional.

Raybeck has received acceptances in respect of 91.36 per cent of the ordinary capital and 97.39 per cent of the preference capital. The balance will be acquired compulsorily. Meanwhile the offer remains open.

## FRENCH CONTROL FOR OLSTILL

Societe Phoceene de Metallurgie, a French company specialising in the manufacture of cocks and valves for the oil industry, has acquired a controlling interest in Olstill, a British company which supplies piping to the oil industry.

## WARREN PLANTATIONS

Warren Plantations' offers for Joseph Mason and Company have been declared unconditional. They were accepted by holders of 96.4 per cent of each class of Mason's capital. Resolutions reorganising the capital of Mason were passed at an EGM on Monday.

## NO PROBES

The following proposed mergers are not to be referred to the Monopolies Commission: Raybeck/Bourne and Hollingsworth; Cargill, Incorporated/Albion Sugar Company; and the UK interests of Schering Plough Incorporated/Scholl Incorporated.

## WEEKS ASSOCIATES

Hunton International, a subsidiary of Weeks Associates, has acquired the manufacturing and marketing rights of the "Challenger" vehicle mounted crane from Engineering Components, a subsidiary of Turner Newall.

The agreement includes the purchase of plant and equipment, stock and work in progress together with the forward order book. "Challenger" will be manufactured at the Fakenham Works which is to be the base of the new Vehicle Load Handling Division.

## EUROCANADIAN REDUCES STAKE IN FURNESS

Eurocanadian Shipholdings has sold 400,000 shares in Furness Withy, the shipping group, reducing its holding from 19.9 per cent to 18.5 per cent. The shares have been sold to an institutional investor.

Eurocanadian, the Swiss-based shipping group with Canadian interests, has undertaken to reduce its stake in Furness, after a Monopolies Commission investigation, to not more than 10 per cent by the beginning of 1980.

Mr. Frank Narby, who heads Eurocanadian, said yesterday that Furness was an attractive long-term investment: "We intend to retain as much of our shareholding as the UK authorities will permit."

## SAMUEL MONTAGU MOVES INTO ITALY

Following its recent purchase of a 10 per cent stake in a Korean based merchant bank, Samuel Montagu has now taken a similar stake in Euromobiliare, a merchant bank based in Milan.

Montagu has acquired its holding in the Italian bank from Finco, a private company owned by Mr. Carlo de Benedetti. The cost of the deal is thought to be in the region of £200,000.

Euromobiliare is largely a money-broking and stockbroking concern trading in domestic bonds and Italian Treasury Bills. Finco retains a 70 per cent stake in the bank.

In addition to its Italian and Korean stakes—the latter in the Korea-Kuwait Merchant Bank—Montagu has also recently opened offices in Singapore.

A group spokesman said that the Italian investment gave Montagu its first direct involvement in that country.

## GREENBROOK LIFTS EAST LANCS. STAKE

Greenbrook Securities, a private investment company, has built up its stake in the East Lancashire Paper Group to 7.06 per cent after the purchase of a further 105,000 shares. Greenbrook owns 385,000 shares of the East Lancashire Paper Group.

## SHARE STAKES

Aquis Securities—H. C. Quitman, director, disposed of 10,000 shares at 22p on October 27.

Howard Shuttering (Holdings)—Temple Bar Investment Trust has an interest in 385,000 shares (7.77 per cent).

Blackman and Conrad—D. Alderman, chairman, between September 29 and October 25 bought 15,000 shares between 20p and 22p.

Northern Securities Trust—Sun Life Assurance has increased its holding to 394,500 shares (11.07 per cent).

Greenfriar Investment—Witan Investment holds 1,442,500 shares (36 per cent).

Marshall Cavendish—E. P. J. Cavendish, director, has sold 23,000 shares leaving holding 789,179.

Steel Brothers Holdings—J. T. Wishart, director, now holds 17,700 shares.



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# Jessups advances by 40%

TAXABLE PROFITS up 40 per cent from £550,280 to a record £772,746 on the back of a 21 per cent rise in sales to £25.78m, against £21.24m last time, is reported by Jessups (Holdings) for the year to August 31, 1978.

Mid-term when the surplus was £58,000 better at £156,000 the directors of the group, which has interests in motor vehicles dealing and body building and leasing, forecast a profit substantially higher than for 1976-77.

After tax of £409,000 (£286,000) the balance available was up from £264,280 to £363,746 equivalent to 8.72p (6.74p) per 10p share. A net final dividend of 1.48p lifts the total to 1.98p (1.55p), costing £82,566 (£60,760).

The directors say the increase is the first approved by the Treasury following the recent amendment to dividend legislation.

A professional revaluation of group property at year end showed an excess of £300,000 over book value, which has been credited to reserves.

It is now proposed to make a capitalisation issue—under it the present 10p shares will be converted to 25p shares. An amount of £625,500 of reserves will be capitalised bringing the issued share capital to £1.04m.

# Capper-Neill profits up—£3.9m rights issue

REPORTING turnover and profits ahead for the half year to September 30, 1978, the directors of Capper-Neill also announce proposals for a rights issue to raise some £3.87m.

The group achieved taxable profits of £2.26m for the period against £2.06m on turnover well up from £30.5m to £41.32m. The directors say there has been a satisfactory level of order intake in a market which, particularly in the UK, is depressed and therefore highly competitive. Profitable trading continues, they add, with construction activities providing a major contribution, and with overseas trading increasing its proportion.

In order to provide the group with the financial base required to continue its expansion, both in the UK and abroad, the directors propose that 5,769,230 ordinary shares be issued by way of rights at 67p on the basis of one for every four held.

| | Six months 1978 £000 | 1977 £000 | Year 1977-78 £000 |
|---|---|---|---|
| Turnover | 41,320 | 30,501 | 69,125 |
| Trading profit | 2,564 | 2,184 | 5,319 |
| Interest payable | 304 | 122 | 293 |
| Profit before tax | 2,260 | 2,062 | 5,226 |
| †Tax | 1,232 | 1,127 | 601 |
| Net profit | 1,028 | 935 | 4,625 |
| Dividends | 271 | 243 | 490 |

† Calculated on a notional basis ignoring stock relief and any difference between tax allowances given for capital expenditure and depreciation.

The net interim dividend is raised from 1.0541p (1.1725p) per 10p share and an additional payment of 0.018p is also announced for the previous year on the reduction in ACT; the directors forecast a 2.01p (1.0541p) final in context of the rights issue, and have Treasury consent. Subject to legislation a 6p gross dividend is forecast for the 1979-80 year.

The present overseas contracts are progressing satisfactorily, they state, and the group's major activity continues to be construction work throughout an ever widening spread of industries and markets.

## comment

Taxable profits 10 per cent higher at Capper-Neill did not quite match market hopes, largely because margins have slipped by more than a point. This reflects more competitive conditions in the UK where the process plant and steel fabrication interests again had a tough time. Although many of the home-based engineering companies are doing well, the group's rapid expansion in the last few years has taken place overseas, and that is where further growth is expected. With short-term borrowings up from nil a year ago to £6m now, against shareholders' funds of £15m, the rights issue will reduce gearing to a reasonable level while providing shareholders with a near 50 per cent dividend increase this year. Overseas, despite some minor construction delays in the big Kenana contract, payments are still coming through on schedule. It appears, meanwhile, that shareholders will now have to settle for less spectacular growth for the full year analysts are pitching their estimates just over the £6m mark. At 79p, this puts the shares on an ex-rights prospective p/e of about 6.5 and a yield of 6.2 per cent.

# New auditors for Thomas Warrington

Thomas Warrington and Sons, the Cheshire housebuilders and contractors announced the appointment of new auditors yesterday. The new firm is Messrs. Tansley Witt and Company. The previous auditors were Johnstone Howell and Company.

Yesterday a spokesman for Johnstone Howell explained that the firm had resigned as auditors because of a pending reorganisation of the practice following the retirement of one of the partners. There were no circumstances regarding the resignation which related to the business of Warrington.

# Downturn at Airflow Streamlines

FOR THE six months ended August 31, 1978, sales at Airflow Streamlines rose from £5.24m to £6.12m but taxable profits were down at £402,000 against £456,000 previously. Profit for the whole of the 1977-78 year was a record £910,455.

Reduced demand was experienced in the manufacturing division and the directors expect that industrial disputes of some major customers and suppliers could have an adverse effect in the second half.

Increased sales and profits were achieved in the motor division but the future supply of new vehicles and parts from Ford will be affected by the recent strike there.

Net profit for the first half came out at £285,000 (£324,000) after tax of £117,000 compared with £132,000.

The interim dividend is effectively unchanged at 0.825p net per 25p share, last year's final payment being an adjusted 1.83p. After waivers of £11,830 this time, the interim absorbs £20,360 (£33,496). The amount retained was £264,640 against £290,504.

# McInerney Properties improve

REPORTING TAXABLE earnings marginally ahead from £443,000 to £465,000 for the first half of 1978 Mr. Ambrose McInerney, chairman of McInerney Properties, says that existing industrial relations climate makes profit forecasting difficult, but the directors are hopeful of a second six months profit higher than the half-time level.

Last year the Dublin-based construction group produced a surplus of £762,000.

In Ireland the prospects for the industry are good. In the UK prolonged bad weather delayed progress on contracts in the half-year but since then progress has been better. Competition here remains keen.

Good progress has been made on the company's existing workload in the Middle East. However, competition for new work has become "quite keen" Mr. McInerney remarks.

First half turnover was up at £16.12m (£14.96m) with £1.06m (£620,000) from private housing, £13.37m (£12.78m) from contracts and £1.69m (£1.56m) from other sales.

Group profit reached a peak £1.6m in 1973 before slumping into £2.85m loss the following year.

# Belhaven up to £138,000 at halfway

After a much lower interest charge of £56,000 against £184,000 pre-tax profits of Belhaven Brewery Group for the half-year to September 30, 1978, came out at £138,000 compared with £2,000 last time.

Turnover was well ahead from £1.89m to £2.94m, split as to UK £2.58m (£1.23m) and Bermuda £364,000 (£665,000).

The directors state that the trading position for the second half continues to improve and they expect the full year's turnover to more than double to some £6.5m. The group incurred a pre-tax loss of £191,000 for 1977-78 on turnover of £3.22m.

In the UK, beer barrellage increased by 17.94 per cent, against a national average of 1.04 per cent. But brewery production profit margins were reduced by substantially increased costs at the brewery, the directors explain, while as a direct result of intense competition from the major brewers in Scotland and the North of England, it has not been prudent to increase selling prices for the company's range of beers.

The overdue price increases will take place next January, they add.

The inns and managed houses subsidiary produced a much improved profit, but in Bermuda, profits suffered from the 1977 disturbances. However, an improved situation is now anticipated next year.

The group is returning to the dividend list with 0.42p net per 25p share interim, which is payable upon court confirmation of the group's capital reconstruction scheme, anticipated in December. The last dividend was a 2p second interim for the 17-month period in 1973-74.

| | Six months 1978 £000 | 1977 £000 |
|---|---|---|
| Turnover | 2,940 | 1,890 |
| UK | 2,576 | 1,225 |
| Bermuda | 364 | 665 |
| Trading profits | 348 | [illegible] |
| UK | 346 | [illegible] |
| Bermuda | 2 | [illegible] |
| Administration | 26 | 30 |
| Repairs, renewals | 64 | 37 |
| Interest payable | 56 | 184 |
| Depreciation | 64 | 42 |
| Pre-tax profit | 138 | 2 |
| Tax | — | — |
| Dividends | 47 | — |
| To reserves | 95 | 2 |

J. Lyons, now a part of Allied Breweries, yesterday sold its entire 17 per cent holding in Belhaven. The sale was one of the conditions imposed by Mr. Roy Hattersley, the Prices Minister, when he permitted the takeover by Allied.

The 1.4m shares were placed among institutions by stockbrokers, Cazenove. The price was not disclosed and the market price remained unchanged at 43p.

# W. L. Pawson on target for £400,000

Reporting pre-tax profits of £142,258 for the 36 weeks to August 31, 1978, the directors of W. L. Pawson and Son say the company is making good progress towards the forecast figure of £400,000 for the current period to February 28, 1978, made in the recent prospectus.

In September, following the acquisitions of C. H. Bernard and Sons, application was made to the Stock Exchange for the listing of the enlarged group's shares. The group manufactures ladies' clothing, etc.

For the year ended December 19, 1977, the company incurred a £5,000 loss.

Turnover for the 36 weeks amounted to £1.78m, compared with £0.86m in the corresponding 28 weeks of 1977, when a £16,478 pre-tax loss was incurred.

The directors state that during the last seven weeks, the group's Spring 1979 ranges of ladies wear have been enthusiastically received by customers and its shops are benefiting from a general increase in consumer spending.

As forecast, in the prospectus the net interim dividend is 0.6p per 5p share and a total of 2.2914p has been projected for the current period of some 14½ months.

The interim result was struck after depreciation and interest of £53,150 (£25,192), but was before £59,152 (£9,879) extraordinary debits.

# Eva £0.4m off at interim stage

REPRESENTING a halving of the contribution from the agricultural tool division, pre-tax profits of Eva Indutries fell from £1.45m to £1.03m in the six months to September 30, 1978.

Mr. T. R. Astley, chairman, explains that the reasons for the shortfall in profits from the agricultural tool division were threefold.

| | Half-year 1977-78 £000 | 1976-77 £000 |
|---|---|---|
| Sales | 13,672 | 11,825 |
| Agricultural tool | 5,368 | 6,008 |
| Engineered products | 3,759 | 1,882 |
| Engineering services | 1,914 | 1,731 |
| Forging and foundry | 1,124 | 1,022 |
| Investment | 1,687 | 1,281 |
| Trading profit | 1,220 | 1,597 |
| Interest charges | 189 | 145 |
| Profit before tax | 1,031 | 1,452 |
| Agricultural tool | 574 | 1,146 |
| Engineering products | 299 | 185 |
| Engineering services | 39 | 41 |
| Forging and foundry | 70 | 65 |
| Investment | 49 | 15 |
| UK tax | 273 | 246 |
| Overseas tax | 68 | 135 |
| Minorities | 90 | 171 |
| Exchange losses | 130 | 58 |
| Attributable | 468 | 800 |
| Dividend | 225,000 | 178,000 |

In the first place due to extremes of weather in Thailand the subsidiary in Bangkok experienced a significant loss. Mr. Astley has recently returned from Bangkok and reports that current expectations are that 1978-79 will be a better than average season.

Secondly, Brazil had to accept appreciable cost increases, mainly through wages, in the period which could not, in the short term be properly recovered by price increases.

Thirdly, although the group has been successful in opening up new small markets, for example Kenya and Algeria, it experienced difficulty in major markets in Tanzania, Uganda, Rwanda, Burma and Indonesia.

In summary Mr. Astley says the company's markets are still there and there is still the same potential to buy its tools. Current constraints do not stem from competition or other sources but from, the directors believe, comparatively temporary financial political problems in certain countries in the third world.

In his 1977-78 report the chairman mentioned discrepancies which had come to light in a principal subsidiary of Robert R. Stockfis (Manchester). The matter is still under investigation and Mr. Astley is not yet able to add to his earlier statement except that the contribution of the Stockfis companies for this half-year while not yet up to original expectations at the time of the acquisition is approaching an adequate return on the funds employed.

To reduce disparity with the final, the interim dividend is raised from 1.9p to 2.4p net. Last year's total was 4.8p from profits of £3.01m.

## comment

It never rains but it pours, at least in Thailand. A severe drought was followed by widespread flooding and Eva's Thai agricultural tools operations slumped into the red in the six months to September 30. Lack of foreign exchange in other developing countries, particularly Uganda, added to first-half troubles by restricting lucrative agricultural equipment sales and by putting pressure on margins. To round out a difficult first half the engineered products division found its margins were squeezed although it did manage to lift both sales and profit contribution. There is little hope of any significant upturn in the group's fortunes in the second half. The management is investigating barter deals in an attempt to get round the foreign exchange shortage but nothing positive has yet been concluded. The Ford dispute continues to drag on and is hitting engineered products operations. As a result the full year figure will be around £2m compared with just over £3m last year. The shares slipped 4p to 100p yesterday and, taking a line through the first-half tax rate are selling at a prospective p/e of 7.9 and the yield is 8.1 per cent.

# Roberts Adlard ahead in first half

With turnover around £1m higher at £4.99m, taxable profits of Robert Adlard and Co., builders' merchant, advanced from £250,000 to £305,000 for the first half of 1978. In the last full year a surplus of £553,000 was recorded.

The interim dividend is lifted from 1.588p to 1.747p net per 25p share with an additional 0.0413p to be paid following ACT reduction—last year's final was 2.7285p.

After tax of £158,000 (£130,000), half-yearly net profits rose from £120,000 to £147,000. Dividends absorb £42,000 (£38,000).



# Gieves set for good year

ALL FOUR operating divisions of Gieves Group produced better results for the six months to July 31, 1978, for the company to increase first-half taxable profit from £654,000 to £736,000.

The group, as now constituted, should no longer show marked variations in overall profitability between the first and second halves Mr. Michael Keeling, the chairman, points out. He says that with most problems now past, unless conditions change in the final quarter, he expects satisfactory profit for the second six months. Last year the surplus was a record £1.24m.

The net interim dividend is stepped up to 1.75p (1.5p) and the directors expect to pay a final of 3.238923p for a maximum permitted total of 4.988923p (4.46769p).

Demand for printing services of Redwood Burn at Trowbridge has been at a higher level and the web installation is now operating profitably. Bookbinding will not produce satisfactory results until it is re-sited and plans to do this are well advanced.

Mamos completed the closure of its less profitable outlets and is now a more compact business. Closure costs are shown as an extraordinary debit of £31,000 (nil) but the directors expect this to be more than compensated in the second half by realisation of the property released by the closures.

| | Half-year 1978 £000 | 1977 £000 |
|---|---|---|
| Turnover | 16,368 | 15,137 |
| Tailoring and outfitting | 2,512 | 2,044 |
| Book manufacture | 3,111 | 2,677 |
| Mechanical binding | 1,912 | 1,810 |
| Motor dealers | 9,053 | 8,606 |
| Trading profit | 886 | 768 |
| Tailoring and outfitting | 150 | 137 |
| Book manufacture | 262 | 119 |
| Mechanical binding | 374 | 353 |
| Motor dealers | 128 | 116 |
| Parent company rents | 32 | 43 |
| Interest | 150 | 114 |
| Pre-tax profit | 736 | 654 |
| Tax | 394 | 344 |
| Net profit | 342 | 310 |
| Extraord. debit | 31 | — |
| Pref. dividend | 2 | 2 |
| Attributable | 309 | 308 |

## comment

A steady overall performance is the story from Gieves half time figures showing pre-tax profits an eighth higher. Tailoring profits are ahead by a tenth, which is a good showing bearing in mind the buoyant figures of last year caused by tourist buying. Motor dealing profits are also modestly up, and the second half might show a better improvement now that the company has closed three of its weaker outlets. Moreover as a Leyland dealer there is some spin-off from the Ford strike. The major impetus behind the first half figures is the recovery in book manufacturing. This operation is based on the printing of the Guinness Book of Records plus a number of magazines including part works for Marshall Cavendish. The division is continuing to recover though the move to a new factory in Esher—which could cost £1m by the 1980 opening—could cause a profits hiccup. Finally the binding systems continue to show progress and Gieves has particular interest in developing overseas. The only question mark here is the problem of imitators but once Gieves has sold the machinery to produce the wire rings (for callenders and the like) it almost has a captive market. Overall profits this year could be £1.4m to £1.5m pre-tax with the help of lower borrowings. On that basis the fully taxed prospective p/e at 88p of at most 5 and yield of 8.6 per cent looks good value.

# Good start by Staffordshire Potteries

At the AGM of Staffordshire Potteries (Holdings) yesterday, Mr. C. W. Bowers, the chairman, said that during the first four months of the current year, sales to UK customers were 8 per cent higher than the corresponding period of last year.

Although conditions in North America remained very competitive, exports had gone up by 13 per cent and profitability to date was satisfactory.

# Mr. Ellis quits Travis and Arnold

Mr. A. N. (Bob) Ellis, managing director of Ellis and Everard (Building Supplies) which was purchased by timber group Travis and Arnold in August, is leaving Travis and Arnold "for personal reasons" in the early part of next year.

Mr. Ellis, who is in his mid-forties, resigned from the Board of Ellis and Everard after the sale of the group's building interests to Travis and Arnold. He received an ex-gratia payment from Ellis and Everard of £20,000. He joined Travis and Arnold because, it was explained, his primary responsibility within Ellis and Everard related to the building supplies division.

He is also managing director of Welland Fuels, a small fuel company which was purchased at the same time from Ellis and Everard in a total deal worth £3.58m. The building supplies division and the fuel company showed pre-tax profits of £75,000 on sales of £23.9m in the last financial year.

Mr. Ellis was given a seat on the Travis and Arnold main Board at the time of the purchase of the building supplies division. All these posts he is to give up in the early part of next year.

Mr. Ellis was not available for comment yesterday but a Travis and Arnold director said that the matter had been discussed between the chairman of the group Mr. E. R. Travis and Mr. Ellis. He indicated that he was confident that there was no policy conflict between the two men.

# Ellenroad Ring Mill

For the 25 weeks to September 30, 1978, turnover of Ellenroad Ring Mill was lower at £2.36m against £3.2m but profits recovered from £23,560 to £174,775 before tax of £85,500 against £12,700.

The year's profit includes a Temporary Employment subsidy from the Government of £97,440.

The interim dividend is maintained at 0.5p per share—last year's total was 2.156p from pre-tax profits of £129,000.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

| | | |
|---|---|---|
| In the Matter of | : | In Proceedings for the Reorganization of a Railroad |
| PENN CENTRAL TRANSPORTATION COMPANY, Debtor | : | No. 70-347 |
| THE UNITED NEW JERSEY RAILROAD & CANAL COMPANY, | : | No. 70-347-A |
| BEECH CREEK RAILROAD COMPANY, | : | No. 70-347-B |
| THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY, | : | No. 70-347-C |
| THE CLEVELAND AND PITTSBURGH RAILROAD COMPANY, | : | No. 70-347-D |
| THE CONNECTING RAILWAY COMPANY, | : | No. 70-347-E |
| THE DELAWARE RAILROAD COMPANY, | : | No. 70-347-F |
| ERIE AND PITTSBURGH RAILROAD COMPANY, | : | No. 70-347-G |
| THE MICHIGAN CENTRAL RAILROAD COMPANY, | : | No. 70-347-H |
| THE NORTHERN CENTRAL RAILWAY COMPANY, | : | No. 70-347-I |
| PENNDEL COMPANY, | : | No. 70-347-J |
| THE PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD COMPANY, | : | No. 70-347-K |
| THE PHILADELPHIA AND TRENTON RAIL ROAD COMPANY, | : | No. 70-347-L |
| THE PITTSBURGH, YOUNGSTOWN & ASHTABULA RAILWAY COMPANY, | : | No. 70-347-M |
| PITTSBURGH, FORT WAYNE & CHICAGO RAILWAY COMPANY, | : | No. 70-347-N |
| UNION RAILROAD COMPANY OF BALTIMORE, | : | No. 70-347-O |
| Secondary Debtors | : | |

NOTICE OF EXCHANGE AND AVAILABILITY OF NEW SECURITIES OF THE PENN CENTRAL CORPORATION

Pursuant to Orders entered by the United States District Court for the Eastern District of Pennsylvania (Reorganization Court), the Plans of Reorganization (Plan) for Penn Central Transportation Company and its Secondary Debtors became effective on October 24, 1978. (Consummation Date) at which time the name of Penn Central Transportation Company was changed to The Penn Central Corporation. First Pennsylvania Bank N.A., and its agent, Fund/Plan Services, Inc., Philadelphia, Pennsylvania has been named Exchange Agent for the purpose of distributing cash and/or securities of The Penn Central Corporation to the claimants entitled thereto, pursuant to the Plan.

HOLDERS OF SECURITIES

Holders of the following securities will, upon surrender of such securities, be entitled to receive cash and/or securities of The Penn Central Corporation in accordance with the Plan:

SECURITIES ELIGIBLE TO BE EXCHANGED

BONDS

Boston & Albany Railroad Co.
4¼% Improvement Mortgage Bonds Due 1978

Carthage & Adirondack Railway Co.
4% First Mortgage Bonds Due 1981

Kanawha & Michigan Railway Co.
4% First Mortgage Bonds Due 1990

Lake Shore and Michigan Southern Rwy. Co.
3½% Gold Mortgage Bonds Due 1997

Mohawk & Malone Rwy. Co.
3½% Consolidated Mortgage Bonds Due 2002

New Jersey Junction RR Co.
4% First Mortgage Bonds Due 1986

New York & Putnam RR Co.
4% First Mortgage Bonds Due 1993

New York Central & Hudson River RR Co.
3½% Gold Mortgage Bonds Due 1997

New York, New Haven & Hartford RR Co.
4¼% Harlem River Division First Mortgage Bonds Due 1973

Pennsylvania RR Co.
4¼% Series D General Mortgage Bonds Due 1981

Pennsylvania RR Co.
4¼% Series E General Mortgage Bonds Due 1984

Pennsylvania RR Co.
3⅛% Series F General Mortgage Bonds Due 1985

Pennsylvania RR Co.
3% Series G General Mortgage Bonds Due 1985

Sturgis Goshen & St. Louis Rwy. Co.
3% First Mortgage Bonds Due 1989

West Shore RR Co.
4% First Mortgage Bonds Due 2361

New York Central RR Co.
5% Notes Due 1974

New York Central RR Co.
5¼% Collateral Trust Bonds Due 1980

New York Central RR Co.
5¼% Collateral Trust Bonds Due 1980

New York Central RR Co.
6% Collateral Trust Bonds Due 1980

Battle Creek & Sturgis Rwy. Co.
1st Mortgage 3% Bonds Due 1989

Cleveland & Pittsburgh Railroad Co.
3% Series C General & Refunding Mortgage Bonds Due 1974

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
4% Series A General Mortgage Bonds Due 1993

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
5% Series B General Mortgage Bonds Due 1993

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
4½% Series E Refunding & Improvement Mortgage Bonds Due 1977

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
4% St. Louis Division First Collateral Trust Bonds Due 1990

Cleveland, Cincinnati, Chicago & St. Louis Rwy. Co.
4% Cincinnati, Wabash & Michigan Division Mortgage Bonds Due 1991

Connecting Rwy. Co.
3⅛% Series A First Mortgage Bonds Due 1976

Elmira & Williamsport RR Co.
5% Income Bonds Due 2862

Pennsylvania, Ohio and Detroit RR Co.
2⅞% Series E First Refunding Mortgage Bonds Due 1975

The Michigan Central RR Co.
4½% Series C Refunding & Improvement Mortgage Bonds Due 1979

Northern Central Rwy. Co.
5% Series A General & Refunding Mortgage Bonds Due 1974

Northern Central Rwy. Co.
4½% Series A General & Refunding Mortgage Bonds Due 1974

Northern Central Rwy. Co.
6% First Mortgage Bonds

Pittsburgh, Youngstown & Ashtabula Rwy. Co.
4½% Series D First General Mortgage Bonds Due 1977

Pittsburgh, Youngstown & Ashtabula Rwy. Co.
5% Series C First General Mortgage Bonds Due 1974

Philadelphia, Baltimore & Washington RR Co.
4½% Series C General Mortgage Bonds Due 1977

Philadelphia, Baltimore & Washington RR Co.
3% Series E General Mortgage Bonds Due 1978

Philadelphia, Baltimore & Washington RR Co.
3½% Series F General Mortgage Bonds Due 1979

Philadelphia, Baltimore & Washington RR Co.
5% Series B General Mortgage Bonds Due 1974

Pittsburgh, Cincinnati, Chicago & St. Louis RR Co.
5% Series A General Mortgage Bonds Due 1970

Pittsburgh, Cincinnati, Chicago & St. Louis RR Co.
5% Series B General Mortgage Bonds Due 1975

Pittsburgh, Cincinnati, Chicago & St. Louis RR Co.
3⅜% Series E General Mortgage Bonds Due 1975

United New Jersey RR & Canal Co.
2¾% General Mortgage Bonds Due 1976

United New Jersey RR & Canal Co.
4½% General Mortgage Bonds Due 1973

United New Jersey RR & Canal Co.
4½% General Mortgage Bonds Due 1979

United New Jersey RR & Canal Co.
3% General Mortgage Bonds Due 1973

New York Bay RR Co.
3¼% Series A First Mortgage Bonds Due 1973

STOCK OF SECONDARY DEBTORS

| | |
|---|---|
| Beech Creek RR Co. | common capital |
| The Cleveland, Cincinnati, Chicago and St. Louis Rwy. Co. | common preferred |
| Cleveland and Pittsburgh RR Co. | capital (guaranteed 7%) special guaranteed betterment 4% |
| The Delaware RR Co. | capital |
| Erie and Pittsburgh RR Co. | capital |
| The Michigan Central RR Co. | capital |
| The Northern Central Rwy. Co. | capital |
| The Philadelphia and Trenton RR Co. | capital |
| Pittsburgh, Fort Wayne & Chicago Rwy. Co. | common preferred original guaranteed 7% guaranteed special 7% |
| Pittsburgh, Youngstown & Ashtabula Rwy. Co. | preferred |
| The United New Jersey RR and Canal Co. | capital |

SPECIAL NOTICE TO HOLDERS OF PENN CENTRAL COMPANY COMMON STOCK

Pursuant to the Plan of Arrangement for Penn Central Company, the holder of all of the stock of Penn Central Transportation Company, confirmed by the United States District Court for the Eastern District of Pennsylvania and in accordance with an agreement between the Trustees of Penn Central Transportation Company and the Penn Central Company, the Exchange Agent will accept Penn Central Company common stock and deliver in exchange The Penn Central Corporation common stock allocable to Penn Central Company under the Plan.

EXCHANGE PROCEDURES

A Letter of Transmittal with Instructions for surrendering any of the above listed securities of Penn Central Transportation Company or of the Secondary Debtors in exchange for cash and/or securities of The Penn Central Corporation has been mailed to each holder of these securities as of October 24, 1978, whose address was known. A Transmittal Form with Instructions for surrendering the common stock of Penn Central Company in exchange for the common stock of The Penn Central Corporation has been sent to all holders of record of Penn Central Company common stock as of October 24, 1978. These documents were not mailed to many holders whose identities are not known because their securities are in bearer form or whose addresses are unknown. If you own any of the securities listed above and you have not received either a Letter of Transmittal or a Transmittal Form, you may obtain a copy by completing the form below and mailing it to the Exchange Agent. Separate Letters of Transmittal must be submitted for each Penn Central Transportation Company or Secondary Debtor issue of security you surrender for exchange.

SPECIAL NOTICE CONCERNING BONDS NOT TO BE ACCEPTED FOR EXCHANGE AT THIS TIME

The Indenture Trustees under the following mortgage indentures have filed appeals from the Reorganization Court's approval of the Plan:

New York Central and Hudson River Railroad (NYC RR Co.) Refunding and Improvement Mortgage 4½% Series "A" Bonds and 5% Series "C" Bonds due October 1, 2013;

New York Central and Hudson River Railroad Consolidation Mortgage 4% Series A Bonds due February 1, 1998;

New York Central and Hudson River Railroad Lake Shore Collateral 3½% Bonds due February 1, 1998;

New York Central and Hudson River Railroad Michigan Central Collateral 3½% Bonds due February 1, 1998;

New York Central Railroad 6% Collateral Trust Bonds Due April 15, 1990;

Penn Central 6½% Collateral Trust Bonds due April 15, 1993;

Mohawk and Malone Railway First Mortgage 4% Bonds due September 1, 1991

The Reorganization Court has prohibited distributions to any bondholder of an issue represented by an indenture trustee taking an appeal, until otherwise ordered. The Court has reserved jurisdiction to direct the distribution of whatever amounts of cash or securities to which such bondholders are ultimately determined to be entitled as a result of the appeals or proceedings on remand after the appeals. Consequently, at this time, the Exchange Agent will not accept any of these securities for exchange. If you deliver for exchange any of these bonds, the Exchange Agent will return the bonds to you.

SPECIAL NOTICE TO CERTAIN PRE-BANKRUPTCY CREDITORS OF PENN CENTRAL TRANSPORTATION COMPANY OR THE SECONDARY DEBTORS

The Plan provides that, with the exception of those contracts specifically assumed in accordance with the Plan, all pre-bankruptcy executory contracts of Penn Central Transportation Company or the Secondary Debtors are rejected as of June 21, 1970, with respect to the Penn Central Transportation Company; as of July 13, 1973, with respect to the United New Jersey Railroad and Canal Company; or as of July 12, 1973, with respect to all other Secondary Debtors. Pursuant to Orders entered by the Reorganization Court, no person, corporation, governmental unit or other entity having a claim against Penn Central Transportation Company or any of the Secondary Debtors arising out of the rejection of a pre-bankruptcy executory contract will be entitled to participate in the Plan, UNLESS such claimant files with the Proofs of Claim Administrator of The Penn Central Corporation a proof of claim on a specially authorized form on or before December 29, 1978. Proofs of claim not so filed will be barred forever. You may send your request for the prescribed form to

Proofs of Claim Administrator
The Penn Central Corporation
3210 IVB Building
1700 Market Street
Philadelphia, PA 19103

Proofs of claims previously filed in respect to such claims are not required to be refiled.

THE PENN CENTRAL CORPORATION

First Pennsylvania Bank N.A.
c/o Fund/Plan Services, Inc.
P.O. Box 8717
Philadelphia, PA 19101

Please send a Letter of Transmittal with Instructions in respect to the Plans of Reorganization for Penn Central Transportation Company, Debtor, or any Secondary Debtor, or a Transmittal Form with Instructions in respect to the Plan of Arrangement for Penn Central Company to:

Name ____________________ (Please Print)
Street ____________________
City ____________ State ____________ Zip Code ____________
Name of Bond ____________________
Name of Stock ____________________



## MINING NEWS

# Berjuntai Tin to pay State royalties

BY KENNETH MARSTON, MINING EDITOR

FEARS that Malaysia may be moving towards acquiring a larger stake in the fortunes of the country's tin mines are unlikely to be eased by the latest announcement from Berjuntai Tin Dredging, the country's major producer which is a member of the Malaysia Mining Corporation group.

Last week Berjuntai announced that its application for the renewal of four mining leases had been rejected by the Selangor State Government which was, instead, passing on the leases to its own Kumpulang Perangsan company. It is now stated that Peransang will sub-lease the areas to Berjuntai which will continue to mine them and pay the State company a tribute for doing so.

The tribute, of 10 per cent, is payable on tin concentrate production from the leases with effect from August 17 last to April 30, 1979. This agreement, which was signed on November 6, also allows "negotiations for Perangsang's participation in Berjuntai indirectly through a new holding company which would be formed jointly by Perangsang and Malaysia Mining Corporation."

Shareholders in Berjuntai, whose only knowledge of the deal can have come from the bland announcement, will be wondering just how adverse an effect the moves will have on their investment despite their company's expressed hope that the arrangement will "provide opportunities for expansion of Berjuntai's existing operations."

Presumably, the 10 per cent tribute will be payable on the revenue received from the sale of tin concentrates sent to the smelter. In which case the 10 per cent will be deducted before the company sets its working and other costs against this revenue. This could mean more than a 10 per cent reduction in profits, but no guidance is given on this point.

Nor is it clear what is meant by negotiations for Perangsang's indirect participation in Berjuntai in association with Malaysia Mining Corporation. The latter is 28.6 per cent owned by Charter Consolidated with the remainder held by the Federal Government.

Pending clarification, the situation is hardly likely to encourage overseas investment in Malaysia. Prior to the latest news Berjuntai shares closed unchanged at 225p yesterday; they were 255p prior to the company's previous announcement on November 1.

## FORTUNES VARY AT BENGUET AND ATLAS

Benguet Consolidated, the Manila mining conglomerate, has achieved a 9 per cent increase in third quarter earnings, in contrast with Atlas Consolidated Mining and Development, another Philippines group, whose profits declined sharply.

In the three months to September Benguet had net profits of $2.2m (£1.1m) compared with $2.01m in the same period of last year. Over the first nine months of the year earnings were $8.6m against $5.9m in 1977. Prospects for the final quarter are excellent, the group said, anticipating a record year.

Atlas Consolidated, on the other hand suffered a decline in copper output as lower ore grades were worked and as it contended with power shortages. Third-quarter earnings fell to $543,410 (£274,865) from $1.36m in the same period of 1977, while profits for the first nine months of this year were $1.9m against $10.2m last year.

## Ranger to pay Aboriginals A$8m a year

THE FIRST of the Australian uranium ventures in the Northern Territory to reach agreement with the Aboriginal people, the Ranger deposit of EZ Industries and Peko-Wallsend, will yield about A$8m (£4.65m) a year in royalties to the Aboriginals via their Northern Land Council, according to Mr. Ian Viner, the Aboriginal Affairs Minister.

At an agreed royalty rate of 4¼ per cent, the figure is based on annual sales of 3,000 tonnes of uranium oxide at a price of U.S.$30 per lb. The partner companies would also pay A$200,000 a year for the lease of the site and a further A$1.3m in instalments at various stages of mine development.

In Sydney, a Peko spokesman said the partners planned to begin production at an initial annual rate of 3,000 tonnes in 1982 after a three-year construction period beginning next April. Output is expected to double after about two years.

The main outstanding item still to be settled is the legal formalisation of the agreement between the government and the two mining companies.

The former Labor government negotiated an agreement, confirmed by the present administration, whereby the government funds 72½ per cent of development costs and the companies 13¾ per cent each.

The proceeds of mining, however, will be split 50-50 between the government and the two companies. The Peko spokesman said discussions are continuing and settlement is expected shortly.

He added that he anticipated no difficulty in finding markets for Ranger's output nor in raising funds for Peko's share of construction costs. Development costs of the project have been estimated at about A$320m.

## MITSUBISHI AND GETTY MAKE URANIUM PLANS

A joint venture to explore and develop uranium deposits in the San Juan and McKinley areas of New Mexico will start operations before the end of the month.

Mitsubishi of Japan announced yesterday that it was entering the venture with Getty Oil of the U.S. Getty holds the concessions and will take 51 per cent of the joint venture, with Mitsubishi holding the balance.

No estimate of the reserves was given, but the development of the deposits is clearly at a very early stage as Mitsubishi said that production could start in about eight or ten years time after the completion of $100m worth of mining and refining facilities.

## ROUND-UP

Mitsui Mining and Smelting announced from Tokyo that net losses for the six months to September were Y2.79m (£5.3m) compared with losses of Y2.3t in the same period of 1977. Sal slipped to Y82bn from Y90.7b The group is not paying interim dividend

★ ★ ★

Mitsubishi of Japan has sign a draft agreement with Ar Potash to act as sales agent in t Far East and Oceania, repor Rami G. Khouri from Amman. has a five year commitme to buy 600,000-800,000 tonn annually. This follows an agre ment with Woodward and Dicke son covering the Weste Hemisphere and precedes a thi agreement for Europe and Afric Arab Potash starts production 1982.

★ ★ ★

Uranium reserves in Bra jumped to 142,000 tons in the fi 10 months of 1978 from 66,0 tons at end 1977, according Nuclebras, the state nucle agency. The rise follows the di covery of desposits in the norther part of the country by Urang sellschaft of West Germany.

## Inland Revenue grants relief

THE UK mining industry h reacted favourably to a decisi of the Inland Revenue board grant tax relief on expenditu incurred by companies in maki unsuccessful applications f planning permission to extra minerals.

The board's decision takes effe under Section 62 of the Capit Allowances Act of 1968, whi provides that where a compa has spent money on explorati not leading to production, the may be tax relief as if a tradi expense had been incurred.

Although the Inland Reven sees the relief afforded for u successful planning applicati as a purely technical matt industry tax experts consider as a "very useful relief."

There has been considerab disquiet about the expense ar time involved in lengthy planni applications and it is felt in th industry that this process is a di incentive to mineral explorati in the UK.

There was, indeed, a joi meeting between the industr sand and gravel interests and th Inland Revenue about capit allowances only a fortnight ag But discussions on this top have been going on for sever years.

However, the low level mining company exploratio activity in the country at prese means that the main immedia beneficiaries of the new relief a likely to be the sand and grav interests.

## MINING BRIEFS

KILLINGHALL TIN—Output for 35½ tonnes (September 16½ tonnes).

PETALING TIN—October output tonnes (September 121 tonnes).

SAINT PIRAN GROUP—October production of tin concentrates: UK (from treated 21,356), 200 tonnes (79 per ce tin metal); Malaysia 25 tonnes; Thaila 98 tonnes. September outputs: 396, and 124 tonnes respectively.

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# Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

| | Oct. 18, 1978 £m | Change on month £m |
|---|---|---|
| **Eligible liabilities** | | |
| UK banks | | |
| London clearing banks | 23,595 | +752 |
| Scottish clearing banks | 2,704 | + 50 |
| Northern Ireland banks | 869 | + 4 |
| Accepting houses | 1,937 | + 33 |
| Other | 6,561 | +377 |
| Overseas banks | | |
| American banks | 3,914 | + 84 |
| Japanese banks | 306 | + 21 |
| Other overseas banks | 2,752 | + 33 |
| Consortium banks | 227 | + 8 |
| Total eligible liabilities* | 44,865 | +1,362 |
| **Reserve assets** | | |
| UK banks | | |
| London clearing banks | 3,303 | + 48 |
| Scottish clearing banks | 361 | + 9 |
| Northern Ireland banks | 126 | + 2 |
| Accepting houses | 272 | − 7 |
| Other | 912 | + 93 |
| Overseas banks | | |
| American banks | 523 | + 11 |
| Japanese banks | 44 | + 3 |
| Other overseas banks | 409 | + 5 |
| Consortium banks | 41 | + 1 |
| Total reserve assets | 5,990 | +163 |
| **Constitution of total reserve assets** | | |
| Balances with Bank of England | 294 | − 69 |
| Money at call: | | |
| Discount market | 3,234 | +237 |
| Other | 241 | + 19 |
| Tax reserve certificates | — | — |
| UK, Northern Ireland Treasury Bills | 932 | − 12 |
| Other bills: | | |
| Local authority | 168 | + 35 |
| Commercial | 789 | + 7 |
| British Government stocks with one year or less to final maturity | 332 | − 55 |
| Other | — | — |
| Total reserve assets | 5,990 | +163 |
| **Ratios %** | | |
| UK banks | | |
| London clearing banks | 12.9 | − 0.2 |
| Scottish clearing banks | 13.3 | — |
| Northern Ireland banks | 14.5 | + 0.1 |
| Accepting houses | 14.0 | − 0.6 |
| Other | 13.9 | + 0.7 |
| Overseas banks | | |
| American banks | 13.4 | + 0.1 |
| Japanese banks | 14.3 | − 0.2 |
| Other overseas banks | 14.8 | — |
| Consortium banks | 18.0 | − 0.4 |
| Combined ratio | 13.4 | — |
| | £m | £m |
| N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to | 472 | + 26 |
| **2—Finance houses** | | |
| Eligible liabilities | 366 | + 5 |
| Reserve assets | 38.3 | + 1.3 |
| Ratio (%) | 10.5 | + 0.3 |

Special deposits at October 18 were £1,051 (up £417m) for banks and £11m (up £4m) for finance houses. * Interest-bearing eligible liabilities were £28,917 (down £782m).

# Bank of Ireland sees big second half improvement

PROFITS before tax of the Bank of Ireland are little changed at £20.83m, against £20.4m, for the six months to September 30, 1978, but the directors say that the pattern of half-yearly profits is changing and results for the second six months are expected to show a considerable improvement.

Basic earnings per share are shown at 29.8p (36p) and 29.5p against 33p fully diluted. The interim dividend is lifted from 5p to 6.5p on increased capital and the Board expects the results for the year will justify a final dividend at a rate at least equal to the 10p paid last year.

Tax in the half-year takes £7.94m (£7.77m) and attributable profit is £12.72m against £12.49m. An amount of £9.92m (£10.76m) is retained.

Trading during the half-year showed some material differences from past patterns, the Board states. The unexpectedly large demand for credit was not accompanied by a corresponding growth in resources and necessitated recourse to rediscounting facilities at the Central Bank.

The arrangements for an increase in staff remuneration in a single amount early in the year rather than by phased increases during the year as occurred previously, meant that staff costs rose more, in relative terms, in the first half-year than they will in the second half.

Until the precise outcome of current discussions among Governments regarding the proposed European Monetary System is known, it is not possible to foresee fully what new implications there may be for commercial banking operations and earnings in the remainder of the accounting year, the directors say.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available, as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Interims:—Ash Spinning, John Bright, Chubb, John Foster, Hartwells, Hill Samuel, London and Northern, Mountview Estates, Benjamin Priest, Readicut International, J. Salisbury.

Finals:—Barlow Rand, Central Manufacturing and Trading, Safeguard Industrial Investments.

**FUTURE DATES**

| | |
|---|---|
| Interims:— | |
| Alida Packaging | Nov. 15 |
| British-Borneo Petroleum | Nov. 9 |
| Charter Consolidated | Nov. 15 |
| Chubb | Nov. 8 |
| Globe Investment Trust | Nov. 14 |
| Harrisons and Crosfield | Nov. 13 |
| M.K. Electric | Nov. 22 |
| Warner Holidays | Nov. 13 |
| Wedgwood | Nov. 17 |
| Finals:— | |
| Akroyd and Smithers | Nov. 23 |
| Common Brothers | Nov. 9 |
| C.R. Holdings | Nov. 10 |
| Midhurst White | Nov. 9 |
| Roan Consolidated Mines | Nov. 16 |
| Sandhurst Marketing | Nov. 17 |
| Tricoville | Nov. 10 |

## Sharp fall at Cater Ryder

A RISE of 2½ points in MLR during the half year to October 31, 1978, resulted in difficult trading conditions for Cater Ryder and Co., the bill broking and banking concern, and therefore profits were considerably lower compared with the same period last year.

The net interim dividend is effectively raised from 4.0425p to 4.10375p per £1 share with a supplementary 0.19497p to be paid on ACT reduction—the 1977-78 final was an equivalent 12.867855p from £1.73m profits.

# Bridport-Gundry finishes well

ON turnover increased from £9.15m to £12.39m, taxable profit of Bridport-Gundry (Holdings), the Dorset-based netting and cordage manufacturer, slipped from £854,000 to £781,000 in the year to July 31, 1978.

But Mr. R. W. Holder, the chairman, says that although the result was disappointing, figures for the second six months "reflected an improvement in business generally and in our own performance."

At halfway, pre-tax profits were £207,556 against £274,255.

Earnings per share are shown as 4.31p (5.25p). A final dividend of 1.2p net a 20p share is recommended, making a total for the year of 2.1p (1.2723p) and forecast at the time of last November's rights issue.

The Treasury has said consent will be given to the increased payment provided current regulations are still in force then. exceeded budgeted turnover.

Mr. Holder says the results were affected by "the prolonged and deep recession" hitting James Pearsall and Co. in the twisted products division which in previous years had been the strongest profit earner.

On prospects for the group, Mr. Holder says he had reported last year that they were looking for progress against the background of the continuing recession in the textile industry.

However, the cash position is strong and the group retains considerable potential for expansion.

The order books are generally stronger than they were 12 months ago and, in the first quarter of the current year the group has exceeded budgetted turnover.

The netting division continued to receive a generally strong demand and profits exceeded those of 1977. Though small, Bridport-Gundry (Ireland) and Jackson Trawls did particularly well.

To make the group less cumbersome it was divided into four separate trading sections in June 1978 and this is already bringing results through reduced operating expenses and increased deliveries, the chairman says.

| | 1977-78 £000 | 1976-77 £000 |
|---|---|---|
| External turnover | 12,391 | 9,152 |
| Profit before tax | 781 | 854 |
| Tax | 400 | 455 |
| Minorities | 21 | 9 |
| Exchange differences | 72 | 7 |
| Extraord. credit | 7 | *57 |
| Attributable | 295 | 330 |
| Pref. dividend | 6 | 6 |
| Ord. dividend | 184 | 89 |
| Retained | 105 | 235 |

*Debit

Sir John Spencer Wills has resigned as chairman to be succeeded by Mr. Hugh Dundas.

## BET Omnibus sees peak for year

Reflecting the improved trading results of both wholly owned subsidiaries and the associate company, pre-tax profits of BET Omnibus Services—over 99 per cent owned by British Electric Traction Company—rose during the half year to September 30, 1978, from £2.96m to £4.22m on turnover up from £17.21m to £19.25m.

The full year's results are expected to show some increase on the record £6.64m achieved in the previous year, but not to the extent of the first-half's figures.

Earnings are given as being well up at 28.44p (17.16p) per £1 share and the interim dividend is unchanged at 2.5p net payable December 1—last year's final was 6.65p.

## Ambrose Investment

For the six months to September 30, 1978 Ambrose Investment Trust reports profits of £315,736 compared with £269,665, subject to tax of £101,763 against £91,536.

Gross income for the period advanced from £293,196 to £343,741 and expenses took £28,005 (£23,531).

The net interim dividend is lifted from 1.8p to 2.2p at a cost of £158,400 (£129,600). Last year's final payment was 2.7p.

The net asset value per 25p capital share at September 30 was 186.01p (147.08p at March 31) and per income share 31.22 (30.42p). Surplus on realisation on investments in the six months was £628,012 (£70,102).



# London Clearing Banks' balances

## as at October 18, 1978

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

**TABLE 1. AGGREGATE BALANCES**

| | Total outstanding £m | Total outstanding £m | Change on month £m | Change on month £m |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Sterling deposits: | | | | |
| U.K. banking sector | 5,371 | | +323 | |
| U.K. private sector | 27,902 | | +487 | |
| U.K. public sector | 514 | | − 97 | |
| Overseas residents | 2,395 | | + 93 | |
| Certificates of deposit | 2,081 | | − 44 | |
| | | 38,263 | | +741 |
| of which: Sight | | 16,293 | | +442 |
| Time (inc. CD's) | | 21,970 | | +299 |
| Foreign currency deposits: | | | | |
| U.K. banking sector | 4,291 | | +274 | |
| Other U.K. residents | 1,062 | | + 44 | |
| Overseas residents | 11,415 | | +212 | |
| Certificates of deposit | 1,135 | | + 85 | |
| | | 17,903 | | +615 |
| Total deposits | | 56,166 | | +1,356 |
| Other liabilities* | | 9,243 | | − 11 |
| TOTAL LIABILITIES | | 65,409 | | +1,345 |
| **ASSETS** | | | | |
| Sterling | | | | |
| Cash and balances with Bank of England | | 1,049 | | − 85 |
| Market loans: | | | | |
| Discount market | 2,238 | | + 48 | |
| U.K. banks | 6,749 | | +244 | |
| Certificates of deposit | 941 | | −105 | |
| Local authorities | 992 | | − 22 | |
| Other | 337 | | + 13 | |
| | | 11,257 | | +177 |
| Bills: | | | | |
| Treasury bills | 449 | | − 49 | |
| Other bills | 782 | | − 16 | |
| | | 1,231 | | − 65 |
| Special deposits with Bank of England | | 652 | | +276 |
| Investments: | | | | |
| British Government stocks | 2,154 | | − 8 | |
| Other | 1,392 | | − 12 | |
| | | 3,546 | | − 20 |
| Advances: | | | | |
| U.K. private sector | 19,485 | | +320 | |
| U.K. public sector | 304 | | +118 | |
| Overseas residents | 3,173 | | + 5 | |
| | | 22,962 | | +443 |
| Other sterling assets* | | 5,623 | | + 1 |
| Foreign currencies | | | | |
| Market loans: | | | | |
| U.K. banks and discount market | 3,778 | | + 23 | |
| Certificates of deposit | 214 | | − 20 | |
| Other | 7,661 | | +438 | |
| | | 11,653 | | +441 |
| Bills | | 48 | | − 5 |
| Advances: | | | | |
| U.K. private sector | 2,018 | | − 31 | |
| U.K. public sector | 996 | | − 6 | |
| Overseas residents | 3,330 | | +147 | |
| | | 6,345 | | +111 |
| Other foreign currency assets* | | 1,045 | | + 71 |
| TOTAL ASSETS | | 65,409 | | +1,345 |
| Acceptances | | 328 | | + 14 |

* Includes items in suspense and in transit.

**TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES**

| | TOTAL Outstanding £m. | TOTAL Change on month £m. | BARCLAYS Outstanding £m. | BARCLAYS Change on month £m. | LLOYDS Outstanding £m. | LLOYDS Change on month £m. | MIDLAND Outstanding £m. | MIDLAND Change on month £m. | NATIONAL WESTMINSTER Outstanding £m. | NATIONAL WESTMINSTER Change on month £m. | WILLIAMS & GLYN'S Outstanding £m. | WILLIAMS & GLYN'S Change on month £m. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | | | | | | |
| Total deposits | 56,166 | +1,356 | 14,989 | +198 | 10,876 | +626 | 11,680 | +146 | 16,822 | +310 | 1,799 | + 77 |
| **ASSETS** | | | | | | | | | | | | |
| Cash and balances with Bank of England | 1,049 | − 85 | 312 | − 29 | 197 | − 7 | 222 | − 23 | 286 | − 25 | 32 | − 1 |
| Market loans: | | | | | | | | | | | | |
| U.K. banks and discount market | 12,764 | +315 | 2,900 | − 47 | 3,256 | +500 | 2,004 | −144 | 4,239 | − 12 | 366 | + 17 |
| Other | 10,145 | +303 | 2,974 | +126 | 2,682 | + 59 | 1,482 | +106 | 2,760 | + 9 | 268 | + 3 |
| Bills | 1,279 | − 70 | 264 | − 15 | 105 | − 29 | 515 | — | 371 | − 28 | 23 | + 2 |
| Special deposits with Bank of England | 652 | +276 | 212 | + 88 | 78 | + 38 | 148 | + 60 | 192 | + 80 | 22 | + 9 |
| British Government stocks | 2,154 | − 8 | 445 | + 23 | 436 | — | 384 | − 34 | 759 | + 3 | 129 | — |
| Advances | 28,306 | +554 | 8,432 | + 74 | 4,347 | + 99 | 6,869 | + 97 | 8,625 | +242 | 1,033 | + 42 |

**TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)**

| | TOTAL Outstanding | TOTAL Change | BARCLAYS Outstanding | BARCLAYS Change | LLOYDS Outstanding | LLOYDS Change | MIDLAND Outstanding | MIDLAND Change | NATIONAL WESTMINSTER Outstanding | NATIONAL WESTMINSTER Change | WILLIAMS & GLYN'S Outstanding | WILLIAMS & GLYN'S Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Eligible liabilities | 25,448 | +748 | 7,761 | +137 | 3,838 | + 68 | 6,061 | +151 | 6,843 | +320 | 946 | + 73 |
| Reserve assets | 3,283 | + 48 | 987 | + 7 | 500 | − 14 | 789 | + 3 | 888 | + 50 | 119 | + 1 |
| Reserve ratio (%) | 12.9 | − 0.2 | 12.7 | − 0.1 | 13.0 | − 0.6 | 13.0 | − 0.3 | 13.0 | + 0.2 | 12.6 | − 0.9 |

# Currency, Money and Gold Markets

## Pound falls in thin trading

Sterling drifted down in quiet trading in the foreign exchange market yesterday, while the dollar was also slightly weaker against most currencies. The closure of the New York market for a public holiday was the major factor behind the reduced level of trading.

The pound's trade-weighted index, as calculated by the Bank of England, fell to 62.6 from 62.8, after standing at 62.7 at noon and 62.8 in early trading.

Sterling opened at $1.9760-1.9770, and touched a high point of $1.9820-1.9830 in the morning. Rates were fairly steady at around the $1.98 level until the afternoon, when selling in a thin market pushed the pound down to a low level of $1.9685-1.9695. There was no sign of any intervention by the authorities, but sterling recovered slightly towards the close, to finish at $1.9715-1.9735, a fall of 45 points on the day.

The dollar touched DM 1.900 against the D-mark in early trading, and eased to DM 1.8920, before closing at DM 1.8970, compared with DM 1.9045 on Monday. The U.S. currency also declined against the Swiss franc, although the Swiss National Bank and German Bundesbank intervened from time to time to prevent too sharp a fall. Buying of dollars by the Swiss authorities pushed the dollar to a high point of SwFr 1.6490, but it finished at SwFr 1.6395, compared with SwFr 1.6505 previously. The U.S. currency also lost ground in terms of the Japanese yen, closing at Y188.95, against Y190.20 on Monday.

FRANKFURT—The Bundesbank bought $16.6m when the dollar was fixed at DM 1.8966 against the D-mark yesterday, compared with DM 1.904¼ on Monday. No particular reason was cited for the dollar's weaker trend, although profit taking was probably part of the cause. Trading was described as moderate, with the dollar opening at around the DM 1.90 level, and moving within a relatively narrow range of DM 1.8950 to DM 1.9000.

AMSTERDAM—The dollar fell to Fl 2.0480 against the guilder at the fixing from Fl 2.0590 previously.

BRUSSELS—The Belgian franc was firm against the D-mark and the dollar at yesterday's fixing. The improvement of the franc within the European currency snake was reflected in the fixing rate of BFr 15.6795 in terms to the D-mark, compared with BFr 15.6810 on Monday, while the dollar fell to BFr 29.75 from BFr 29.89. There was no central bank intervention with the market described as relatively quiet, ahead of the closure of U.S. banks for a public holiday.

MILAN—The dollar fell against the lira yesterday, and was fixed at L840.45, compared with L842.70 previously. The D-mark and Swiss franc were firm against the Italian currency.

ZURICH—Buying of dollars by the Swiss National Bank led to a temporary rise by the U.S. currency in early trading. There was a flurry of activity before trading quietened down, with the dollar easing to SwFr 1.6430 against the Swiss franc by mid-morning, from an opening level of SwFr 1.6455. The unrest in Iran had no influence on trading, but it was noted that currencies of countries dependent on Iranian oil may be affected if shipments are seriously curtailed.

NEW YORK—Major banks were closed for Election Day, and there was very little foreign exchange trading. The only centres open were in Atlanta and Boston, with early quotations little changed from London trading.

TOKYO—Selling of dollars by Japanese exporters and by foreign banks to buy yen for overseas centres, caused the Bank of Japan to intervene in the foreign exchange market to support the U.S. currency yesterday. The dollar touched a low point of Y189.10 against the yen, and central bank intervention at Y189.20, Y189.15, and Y189.10, was estimated to total between $50m and slightly over $100m. The U.S. currency opened at Y190.00, the highest level since September 20, and closed at Y189.12½, compared with Y189.37½ on Monday. The situation in Iran gave rise to some concern, with suggestions that any extended oil disruption or higher oil prices would hit the dollar, which remains vulnerable because of the U.S. trade deficit. Any problems over oil were therefore expected to hit the dollar, while Japan would be cushioned from the impact by its very large trade surplus.

### THE POUND SPOT

| Nov. 7 | Bank rate % | Day's Spread | Close |
|---|---|---|---|
| U.S. $ | 9½ | 1.9685-1.9830 | 1.9715-1.9735 |
| Canadian $ | 10¾ | 2.3050-2.3199 | 2.3055-2.3085 |
| Guilder | 6½ | 4.03½-4.06½ | 4.03¾-4.04¾ |
| Belgian F | 6 | 58.60-59.00 | 58.60-58.70 |
| Danish K. | 8 | 10.51½-10.58½ | 10.51¾-10.52¾ |
| D-Mark | 3 | 3.73½-3.76½ | 3.73¾-3.74¾ |
| Port. Esc. | 18 | 90.40-91.10 | 90.60-91.00 |
| Span. Pes. | 8 | 140.00-140.75 | 140.05-140.15 |
| Lira | 10½ | 1,656-1,666 | 1,656-1,657 |
| Nrwgn. K. | 7 | 9.91½-9.98 | 9.91¾-9.92¾ |
| French Fr. | 9½ | 8.50½-8.55½ | 8.50¾-8.51¾ |
| Swedish Kr. | 6½ | 8.56½-8.60½ | 8.56¾-8.57¾ |
| Yen | 3½ | 370-378 | 372½-374½ |
| Austria Sch | 4½ | 27.35-27.55 | 27.30-27.40 |
| Swiss Fr. | 1 | 3.22½-3.28 | 3.23-3.24 |

Belgian rate is for convertible francs. Financial franc 60.25-60.35.

### FORWARD AGAINST £

| One month | % p.a. | Three months | % p.a. |
|---|---|---|---|
| 0.37-0.27c pm | 1.95 | 0.95-0.85c pm | 1.87 |
| 0.45-0.55c pm | 1.96 | 1.70-1.50c pm | 2.96 |
| 1⅞-⅞c pm | 5.41 | 5⅞-4⅞c pm | 5.90 |
| 20-10c pm | 3.07 | 55-45c pm | 2.56 |
| 2½-4½ ore dis | −4.07 | 6-8 ore dis | −2.05 |
| 3½-2⅞pf pm | 9.22 | 9½-8½ pf pm | 7.51 |
| 70-170c dis | −15.86 | 280-550c dis | −9.89 |
| 180-280c dis | −19.70 | 560-660c dis | −12.86 |
| 5-9 lire dis | −5.28 | 8-11 lire dis | −1.72 |
| 2-2¾ ore dis | −2.11 | 6¼-5¾ ore dis | −1.44 |
| 3¼-2¼c pm | 4.26 | 9¼-8¼c pm | 3.98 |
| 5¼-1¼ ore pm | 5.15 | 7¼-5¾ ore pm | 2.56 |
| 3.90-3.60y pm | 12.02 | 10.4-10.1y pm | 8.22 |
| 12-2 gro pm | 3.07 | 28-18 gro pm | 2.52 |
| 3¾-2¾c pm | 12.85 | 11-10c pm | 9.74 |

Six-month forward dollar 1.87-1.77c pm. 12-month 3.40-3.30c pm.

### CURRENCY RATES

| November 6 | Special Drawing Rights | European Unit of Account |
|---|---|---|
| Sterling | 0.652424 | 0.672432 |
| U.S. dollar | 1.28658 | 1.32666 |
| Canadian dollar | 1.50144 | 1.54974 |
| Austrian schilling | 17.9446 | 18.4953 |
| Belgian franc | 38.4559 | 39.6540 |
| Danish kroner | 6.77835 | 6.98013 |
| Deutschemark | 2.45829 | 2.52997 |
| Guilder | 2.64987 | 2.73269 |
| French franc | 5.56124 | 5.73395 |
| Lira | — | 1118.55 |
| Yen | 243.164 | 252.116 |
| Norwegian kroner | 6.51809 | 6.70857 |
| Peseta | 91.6791 | 94.5719 |
| Swedish kroner | 5.61103 | 5.30134 |
| Swiss franc | 2.11964 | 2.18335 |

### CURRENCY MOVEMENTS

| November 7 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 62.59 | Unavail. |
| U.S. dollar | 85.33 | " |
| Canadian dollar | 80.17 | " |
| Austrian schilling | 143.76 | " |
| Belgian franc | 113.95 | " |
| Danish krone | 117.19 | " |
| Deutsche Mark | 147.00 | " |
| Swiss franc | 198.43 | " |
| Guilder | 125.26 | " |
| French franc | 98.73 | " |
| Lira | 54.91 | " |
| Yen | 153.36 | " |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

### THE DOLLAR SPOT

| November 7 | Day's spread | Close |
|---|---|---|
| Canad'n $* | 85.52-85.61 | 85.58-85.61 |
| Guilder | 2.0440-2.0500 | 2.0480-2.0500 |
| Belgian Fr | 29.68-29.78 | 29.71-29.73 |
| Danish Kr | 5.2225-5.2410 | 5.2340-5.2365 |
| D-Mark | 1.8940-1.8998 | 1.8975-1.8990 |
| Port. Esc | 45.80-46.10 | 45.95-46.10 |
| Span. Pta | 70.98-71.12 | 70.98-71.05 |
| Lira | 839.50-841.40 | 840.10-840.50 |
| Nrwgn. Kr | 5.0245-5.0390 | 5.0310-5.0330 |
| French Fr | 4.3020-4.3200 | 4.3150-4.3200 |
| Swedish Kr | 4.3265-4.3470 | 4.3460-4.3470 |
| Yen | 188.75-189.10 | 188.80-189.00 |
| Austria Sch | 13.86-13.89½ | 13.88½-13.89½ |
| Swiss Fr | 1.6380-1.6440 | 1.6390-1.6410 |

* U.S. cents per Canadian $.

### FORWARD AGAINST $

| One month | p.a. % | Three months | p.a. % |
|---|---|---|---|
| 0.02c pm-0.01c dis | 0.07 | 0.14-0.18c pm | 0.73 |
| 0.50-0.42c pm | 1.76 | 1.92-1.84c pm | 3.66 |
| 3-1c pm | 0.81 | 14-12c pm | 3.50 |
| 1.75-2.25c dis | −4.31 | 5.90-6.40c dis | −4.61 |
| 1.25-1.20pf pm | 6.86 | 3.87-3.82pf pm | 7.82 |
| 35-180c dis | −28.03 | 130-500c dis | −27.70 |
| 105-130c dis | −18.59 | 295-325c dis | −17.86 |
| 2.50-3.00lire dis | −4.09 | 8.00-9.00lire dis | −4.08 |
| 1.00-1.40ore dis | −2.91 | 4.00-4.40ore dis | −3.97 |
| 1.00-0.80c pm | 2.22 | 2.45-2.25c pm | 2.15 |
| 1.15-0.95c pm | 2.72 | 1.75-1.55c pm | 1.27 |
| 1.65-1.55y pm | 9.98 | 4.40-4.30y pm | 9.07 |
| 5.00-4.00gro pm | 3.65 | 13.50-11.00gro pm | 3.44 |
| 1.50-1.45c pm | 9.99 | 4.63-4.58c pm | 10.97 |

### OTHER MARKETS

| Nov. 7 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 1.814-1.818 | 919.64-921.67 | Austria | 27-28½ |
| Australia Dollar | 1.7147-1.7197 | 0.8685-0.8696 | Belgium | 60½-62 |
| Finland Markka | 7.89-7.90 | 3.9800-3.9820 | Denmark | 10.30-10.45 |
| Brazil Cruzeiro | 38.23-39.23 | 19.38-19.89 | France | 8.50-8.70 |
| Greek Drachma | 72.094-73.855 | 36.55-37.44 | Germany | 3.70-3.80 |
| Hong Kong Dollar | 9.40½-9.43 | 4.7760-4.7800 | Italy | 1610-1680 |
| Iran Rial | NA | NA | Japan | 370-380 |
| Kuwait Dinar (KD) | 0.533-0.543 | 0.2702-0.2753 | Netherlands | 4.00-4.10 |
| Luxembourg Franc | 58.60-58.70 | 29.72-29.74 | Norway | 9.92-10.02 |
| Malaysia Dollar | 4.3240-4.3390 | 2.1950-2.2000 | Portugal | 90-110 |
| New Zealand Dollar | 1.8562-1.8632 | 0.9394-0.9421 | Spain | 144-148 |
| Saudi Arabia Riyal | 6.55-6.65 | 3.3207-3.3714 | Switzerland | 3.20-3.50 |
| Singapore Dollar | 4.2865-4.3015 | 2.1775-2.1785 | United States | 1.97½-1.98½ |
| South African Rand | 1.7067-1.7348 | 0.8663-0.8795 | Yugoslavia | 42¾-44¾ |

Rate given for Argentina is free rate.

### EXCHANGE CROSS RATES

| Nov. 7 | Pound Sterling | U.S. Dollar | Deutsche Mark | Japanese Yen | French Franc | Swiss Franc | Dutch Guilder | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.973 | 3.743 | 373.5 | 8.513 | 3.236 | 4.043 | 1657. | 2.306 | 58.65 |
| U.S. Dollar | 0.507 | 1. | 1.897 | 189.4 | 4.316 | 1.640 | 2.049 | 839.8 | 1.169 | 29.73 |
| Deutsche Mark | 0.267 | 0.527 | 1. | 99.80 | 2.275 | 0.864 | 1.080 | 442.6 | 0.616 | 15.67 |
| Japanese Yen 1,000 | 2.677 | 5.281 | 10.02 | 1000. | 22.79 | 8.661 | 10.82 | 4435. | 6.174 | 157.0 |
| French Franc 10 | 1.175 | 2.317 | 4.396 | 438.8 | 10. | 3.800 | 4.749 | 1946. | 2.709 | 68.90 |
| Swiss Franc | 0.309 | 0.610 | 1.157 | 115.5 | 2.631 | 1. | 1.250 | 512.1 | 0.713 | 18.13 |
| Dutch Guilder | 0.247 | 0.488 | 0.926 | 92.39 | 2.106 | 0.800 | 1. | 409.8 | 0.570 | 14.51 |
| Italian Lira 1,000 | 0.604 | 1.191 | 2.259 | 225.5 | 5.139 | 1.953 | 2.440 | 1000. | 1.392 | 35.41 |
| Canadian Dollar | 0.434 | 0.855 | 1.623 | 162.0 | 3.691 | 1.403 | 1.753 | 718.3 | 1. | 25.43 |
| Belgian Franc 100 | 1.705 | 3.363 | 6.381 | 636.8 | 14.51 | 5.516 | 6.893 | 2824. | 3.932 | 100. |

### EURO-CURRENCY INTEREST RATES*

| Nov. 7 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 10½-11 | 9¼-10 | 8¼-9¼ | 8-8¼ | par-⅛ | 2⅛-2½ | 7¼-7½ | 10-15 | — | 4⅛-6⅛ |
| 7 day's notice | 11⅛-12 | 9⅞-10⅛ | 8½-9¼ | 8-8¼ | par-⅛ | 2⅝-2¾ | 7¼-7½ | 13-15 | 10-10⅛ | 1⅛-1⅛ |
| Month | 12-12½ | 10⅛-10⅞ | 9⅛-10⅛ | 8⅜-8⅝ | ⅛-⅜ | 3⅛-3¼ | 8-8¼ | 14-15 | 10⅛-10⅞ | ⅛-1⅛ |
| Three months | 13¼-13¾ | 11⅝-11⅞ | 10⅞-11⅛ | 8⅛-8½ | [illegible] | 3½-3⅝ | 9½-9¾ | 15-16 | 11⅛-11⅛ | 2¼-2⅝ |
| Six months | 13⅝-14¼ | 11⅝-11⅞ | 10⅞-10⅞ | 8-8¼ | ½-⅜ | 3⅞-3⅞ | 10¼-10½ | 16-17 | 11⅛-11⅞ | 3⅛-3⅛ |
| One year | 13⅝-13⅞ | 11½-11¾ | 10⅞-10⅞ | 7⅞-8⅛ | ⅝-⅞ | 3⅛-3⅛ | 10⅞-11⅛ | 16½-17½ | 11⅛-11⅞ | 3⅝-4 |

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.20-10.30 per cent; three months 11.20-11.30 per cent; six months 11.50-11.60 per cent; one year 11.45-11.55 per cent.

Long-term Eurodollar deposits: Two years 10⅞-10⅞ per cent; three years 10½-10⅝ per cent; four years 10-10½ per cent; five years 10-10½ per cent nominal closing rates. Short-term rates a call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

## Singapore prime rates move

The First National Bank of Dallas yesterday became the latest in a long line of banks in Singapore to alter its prime rate. The adjustment to 8 per cent from 7¾ per cent is to be effective as from last Friday. At the same time Marine Midland Bank reduced its prime rate to 7⅞ per cent from 7¾ per cent. Recent changes in interest rates in Singapore and Hong Kong have been closely linked lately and yesterday the Exchange Bank's Association in Hong Kong increased rates on deposits to 4½ per cent on savings, seven days and three-month money; 5½ per cent for six-months and 6½ per cent for 12-months. Hongkong and Shanghai Banking Corporation and the Chartered Bank both increased their lending rates to 8¾ per cent from 7½ per cent effective on Thursday. In the money market conditions were tight and both call money and overnight money commanded 10½ per cent.

BRUSSELS—Further cuts in Treasury bond rates yesterday reflected an easing of pressure on the Belgian franc in foreign exchange markets. One, and two-month Treasury bond rates were again lowered to 9.75 per cent from 10 per cent, while the three-month rate was cut from 9.75 per cent to 9.50 per cent. These rates were last reduced only on Monday by 0.25 per cent.

Deposit rates for the Belgian franc (commercial) were generally lower with one-month deposits at 10½-10¾ per cent from 10⅞-10⅞ per cent and the three-month rate easing to 9¾-10¼ per cent against 10⅛-10⅜ per cent. Six-month deposits were quoted at 9-9¼ per cent while the 12-month rate stood at 8⅞-9⅛ per cent. The Central Bank later announced that the rate on four-month bond fund papers had been cut to 9.5 per cent from 9.75 per cent.

AMSTERDAM—Money market rates were easier throughout with call money at 8¼-8½ per cent compared with 8½-8¾ per cent on Monday. The one-month rate fell to 8¼-8⅜ per cent against 8½-8¾ per cent while three-month remained at 8⅛-8⅜ per cent. Six-month money eased to 8-8¼ per cent from 8⅛-8⅜ per cent.

FRANKFURT—Interbank rates showed little change although call money eased slightly to 3.1-3.2 per cent from 3.2-3.3 per cent. Longer-term rates were steady through to one-year at 4.1-4.2 per cent.

PARIS—Interest rates showed little change in the interbank money market with call money firming slightly to 7¼ per cent from 7⅛ per cent while longer-term rates were unchanged.

UK MONEY MARKET

## Moderate assistance

**Bank of England Minimum Lending Rate 10 per cent (since June, 1978)**

Day to day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a moderate amount of Treasury bills and a small number of corporation bills. Total help was termed as moderate. Discount houses paid up to 10¼ per cent for secured call loans during the morning but rates gradually subsided in the afternoon to close around 7½-8½ per cent. The market was faced with a small net take up of Treasury bills and a very small rise in the note circulation. Banks also brought forward balances slightly below target. On the other hand there was an excess of Government disbursements over revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 9¾-10 per cent but soon touched 10¼-10½ per cent before easing back to touch 7½-8 per cent by mid-afternoon. After briefly firming to 9-9½ per cent rates fell to 5-6 per cent with closing balances taken at around 7 per cent.

Rates in the table below are nominal in some cases.

### LONDON MONEY RATES

| Nov. 7 1978 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 5-10½ | — | — | — | 10-10¼ | 7½-10 | — | — | — |
| 2 days notice | — | — | 9¾-10 | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | 10¼-10⅜ | — | — | — | — |
| 7 days notice | — | 9¾-10⅛ | 10-10⅛ | — | 10¾ | — | 9½-10 | — | — | — |
| One month | 10⅝-10⅝ | 10⅝-10¾ | 10⅛-[illegible] | 11-11½ | 11 | 11¼ | 10¼-10½ | 10⅛-10⅝ | 10⅞ | 11¼ |
| Two months | 11¼-11⅜ | 11⅛-11⅜ | — | 11⅜-11¾ | 11½ | 12 | 10⅜-10⅝ | 10⅞-10¾ | 11¼ | 11½ |
| Three months | [illegible] | [illegible] | 11⅝-11⅞ | 11⅝-11¾ | 12 | — | 10¾ | 10⅞-10⅞ | 11⅝ | 11¾ |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | 12¼ | — | — | — | 11⅝ | 12½ |
| Nine months | 11¾-11⅝ | [illegible] | — | 11½-11⅞ | 12¼ | — | — | — | — | — |
| One year | [illegible] | [illegible] | 11-11¾ | 11½-12 | 12¼ | — | — | — | — | — |
| Two years | — | — | 12⅛-12⅜ | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. *Longer-term local authority mortgage rates nominally three years 12-12¼ per cent; four years 12⅛-12¼ per cent; five years 12¼-12⅜ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅝ per cent; four-month trade bills 12 per cent.

Approximate selling rates for one-month Treasury Bills 10⅝ per cent; and two-month 10⅝ per cent; three-month 10⅝-10¾ per cent. Approximate selling rate for one-month bank bills 10⅝-10¾ per cent; two-month 11 per cent; and three-month 11⅛ per cent; one-month trade bills 11¼ per cent; two-month 11⅜ per cent; and also three-month 11⅝ per cent.

**Finance House Base Rates** (published by the Finance House Association) 10 per cent from November 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 9 per cent. **Clearing Bank Base Rates** for lending 11½ per cent. **Treasury Bills:** Average tender rates of discount 10.7973 per cent.

GOLD

## Firmer trend

Gold rose $5¼ in fairly quiet trading yesterday, reflecting the closure of the U.S. market. It closed at $215-215¾, after touching a high point of $216½-217 in the afternoon. The metal opened at $213-213¾, and was fixed at $214.40 in the morning, and $216.35 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 29,800 per kilo ($215.13 per ounce) in the afternoon, compared with FFr 29,769 ($215.20) in the morning, and FFr 29,220 ($210.20) on Monday afternoon.

| | Nov. 7 | Nov. 6 |
|---|---|---|
| Gold Bullion (a fine ounce) | | |
| Close | $215-215¾ | $210½-211½ |
| Opening | $213-213¾ | $209-210 |
| Morning fixing | $214.40 (£108.285) | $208.25 (£105.926) |
| Afternoon fixing | $216.35 (£109.525) | $210.09 (£106.114) |
| Gold Coins domestically | | |
| Krugerrand | $222-224 (£112¾-115½) | $215½-218½ (£109-110¾) |
| New Sovereigns | $60½-62½ (£30½-31½) | $59-61 (£30-31) |
| Old Sovereigns | $60½-62½ (£30½-31½) | $59-61 (£30-31) |
| Gold Coins internationally | | |
| Krugerrand | $221-225 (£112½-115½) | $214½-217½ (£109½-110) |
| New Sovereigns | $58-60 (£29½-30½) | $58-60 (£29½-30½) |
| Old Sovereigns | $60½-62½ (£30½-31½) | $59-61 (£30-31) |
| $20 Eagles | $288-295 | $288-295 |
| $10 Eagles | $150-155 | $150-155 |
| $5 Eagles | $97-102 | $97-105 |

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 10.75 |
| Fed Funds | 9.9375 |
| Treasury Bills (13-week) | 8.82 |
| Treasury Bills (26-week) | 9.43 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 3 |
| Overnight | 3.15 |
| One month | 3.45 |
| Three months | 3.60 |
| Six months | 4.18 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight | 7.25 |
| One month | 7.0625 |
| Three months | 7.3125 |
| Six months | 7.625 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 3.5 |
| Call (Unconditional) | 4.25 |
| Bills Discount Rate | 4.425 |

# New wages machinery sought for low paid

BY NICK GARNETT, Labour Staff

THE WAGES council system, the principal piece of machinery determining pay and conditions for a large proportion of Britain's low paid workers, is now being gently nudged on to what its critics hope will be a new course.

A report last month by the Advisory, Conciliation and Arbitration Service on the toy industry opened up the possibility of a significant change in the way that the industry's minimum wages and conditions are fixed. This might be the precursor of similar proposals for wages councils in other industries.

At the same time the unions' general impatience with wages councils has been reaching a new pitch, in line with the growing clamour over low pay generally. However this impatience is tempered by the knowledge that the councils, or something like them, are still needed to fix legally-enforceable wage rates, particularly for more vulnerable groups of workers.

## Vulnerable

These groups are considered vulnerable because they are poorly unionised or work in very small organisations where pay rates might need the protection of wages council regulation.

In the past month, the Government has been asked by the unions to intervene in wages council settlements for hotels and restaurants and furnishing shops following rows with employers over the Government's £44.50 low pay threshold.

About 2.8m employees or some 10 per cent of the country's workforce are employed in industries where minimum wages and conditions are fixed by the existing 41 wages councils. Although many of these workers receive far more than the industry minimum, pay rates for large numbers of workers are directly affected by wages council agreements. The main industries covered by councils include catering, retailing and the clothing trade.

Recent Government legislation has made it clear that wages councils should act not only as a protective net for the weak but also as a stimulus for the extension of collective bargaining.

The wages council provisions in the 1975 Employment Protection Act, which allow for the formation of Statutory Joint Industrial Councils, to replace the present system, are geared to the eventual creation of full collective bargaining, through joint industrial councils, wherever possible.

The toy industry report recommended that Mr. Albert Booth, the Employment Secretary, should consider initiating discussions within the industry about the possibility of converting the wages council into a statutory joint industrial council. Under the Act's provisions, SJICs would still fix minimum rates but without the presence of the independent members who sit on wages councils.

It is not difficult to see why many unions have taken the view that collective bargaining is preferable to wages council regulation wherever possible.

Wages councils are composed of equal representations from the workers' and employers' side, plus independent members. Submissions from the two sides are basically directed at winning over the independents and this, the unions argue, is a system not of negotiation but one of immediate arbitration.

Only if there were a failure to agree at face-to-face negotiations on the SJIC would the issue go to independent arbitration. This, the unions claim, should allow them to negotiate better pay and conditions.

The unions also criticise what they call narrowness of the scope of wages councils. Although the Employment Protection Act broadened the range of issues wages councils would normally be expected to consider, including sick pay and holidays, they are not normally in a position to discuss many of the issues in which the unions are taking a growing interest, including union membership, pensions and health.

Some of the unions' arguments for changing wages councils are questioned by employers, and the unions in fact qualify their case. Last year average gross earnings for all employees covered by wages councils was £60, considerably below that for manual workers as a whole.

Most wages council industries, however, are those where earnings would be expected to be lower because of the industries' organisation, relative weakness and poor profits. For some industries many jobs are relatively unskilled.

The employers tend to see the unions' support of SJICs as an issue of union power. The unions themselves recognise this — that face-to-face negotiations would bring them into much more direct involvement with the workforce which would be a big spur to new recruitment.

Both ACAS and the Department of Employment however have been taking a very cautious stance on SJICs. ACAS officials have made it quite clear that any recommendations they make on wages councils will be on an ad hoc rather than blanket basis.

Although there are no specific criteria on which ACAS would judge whether or not it should recommend the setting up of an SJIC in place of a wages council, there are features to which it would pay close attention.

In the toy industry, for example, about threequarters of its workers appear to be covered by company agreements over and above the statutory minimum, whereas as few as 3 per cent of employees in catering are covered by similar agreements.

Officials would also evaluate how successful collective bargaining arrangements in companies, nominally covered by wages councils, are from the unions' viewpoint. If, under such arrangements, unions had consistently failed to achieve significantly better rates and conditions than the statutory minimum, there would be considerable doubt about the practicability of an SJIC.

## Arbitration

At the same time, if the employers' and workers' side on a particular council had consistently shown an inability to reach agreement, it might be presumed that the existence of a statutory joint council would simply lead inevitably to arbitration.

In the same vein it would have to be established that the employers as well as the union side were prepared to make an SJIC work.

In a report earlier this year on the button manufacturing Wages Council, ACAS felt there was no justification for conversion into an SJIC although it proposed changes in the council's scope—for the inclusion of more homeworkers and fewer factory employees.

The multiplicity of wages councils, even within a single industry, and the fragmented nature of many of the employers' organisations also makes it very difficult for those proposing change.

During the three years from 1971, the Commission on Industrial Relations investigated 30 wages councils and the repercussions of its reports are still being digested. Its recommendations included the merging of nine retailing wages councils into two, the abolition of four clothing industry councils and some merging of others, abolition of three of the five metal trade councils and a simplification of those covering catering.

## Merger

The Union of Shop Distributive and Allied Workers is still dealing with the merger proposals for the retailing councils. Although it prefers SJICs for the industry it wants the framework of the existing wages councils settled first.

The problem is as marked for the National Union of Tailors and Garment Workers which sits on nine wages council in the clothing industry. Mr. Jack Macgougan, the union's general secretary, said last month that the machinery for negotiating wages and conditions in the garment industry was inadequate and out of date and that a single national agreement for the whole industry, supported by SJIC, was necessary.

He gave a warning, however, that at present the industry was too fragmented and the conversion of the existing wages councils into SJICs would in fact be a barrier to the objective of a single national collective bargainings agreement.

Employment Department officials say privately that SJICs might eventually be formed in catering, toy manufacturing, clothing and retailing but that for most other wages councils conversion could be much more difficult.

The unions' ultimate objective is full collective bargaining but the prospects for this in many industries are poor. Existing wages councils largely operate in industries where union strength is weak and will remain so and where workers need the protection afforded by a statutory wage-fixing body.

TURN-ROUND AT A SMALL COMPUTER COMPANY

BY ANDREW FISHER

# Concentrated minds win through

**"The company was forced to embark on the daunting task of recapitalising its debt into common and preferred stock . . . MAI's investors today have a stake in a company which has pushed up sales from $67m in 1973 to $155m in 1976-77 and moved from a $1.5m loss to a net profit of almost $18m. The main force behind this has been its success with small computers, a market which it sighted in its dark days."**

WHEN A company is suddenly knocked prone by the impact of market forces or financial misjudgment, the choice is generally between an undignified slide into oblivion and a desperate fight to stay alive. Those which survive, scarred but wiser, could be said to echo the truth of Dr. Johnson's dictum "Depend upon it, Sir, when a man knows he is to be hanged in a fortnight, it concentrates his mind wonderfully."

In a fast-moving, innovative, and spreading industry like computers, there are plenty of businesses which have swung rapidly from prosperity to disaster. Management Assistance Incorporated (MAI) was one of them, although the scars have long since healed and its present financial strength is a far cry from the near bankruptcy facing the company some eight years ago.

What concentrated MAI's mind was the decision of IBM, the industry giant, to introduce in the late 1960s a new generation of computers. This was a disastrous move for the relatively small company, which was solely occupied in buying and leasing back IBM equipment, keeping its rate competitive by depreciating over ten years instead of IBM's five. The result at MAI was a debt mountain of some $150m in 1971 and the need for some drastic rethinking.

The company was forced to embark on a daunting programme of recapitalising its debt into common and preferred stock, a task requiring immense persuasion and stamina. MAI's eventual success was noted by the Harvard Business School, which used its financial transformation "as a case study." Recalling the traumas of the past and the hard climb back to profitability Mr Raymond Kurshan, the chairman and president, comments: "Investors have done extremely well in a situation that was tantamount to hopeless in 1970."

MAI's investors today have a stake in a company which has pushed up sales from $67m in 1973 to $155m in 1976-77 and moved from a $1.5m loss to a net profit of almost $18m. The main force behind this growth has been the company's success in the field of small computers, a market which it sighted in its dark days and subsequently strove to exploit.

More than half of MAI's total revenues—these rose to around $200m in the past financial year to September 30, 1978—come from its BASIC/FOUR computer system, which is aimed specifically at small and medium-sized companies. The product's order backlog has virtually doubled during 1977-78, now approaching $70m, of which some $20m is accounted for in Europe, where new subsidiaries have just been formed in France and the UK. BASIC/FOUR also provides four-fifths of MAI's profits.

Future growth at the small end of the industry is put by analysts at anything between 25 and 40 per cent annually over the next few years. With more than half a million small businesses in the U.S. alone, it has been estimated that the worldwide installed value of small business computers could soar to nearly $9bn from the $1bn plus level of 1977.

In the U.S., MAI has a slice of roughly a tenth of the small business market of the computer industry. According to estimates made by International Data Corporation, the big mainframe companies — IBM, Burroughs, NCR and Sperry-Univac—had 50 per cent of this market at the end of last year, with 22.5 per cent in the hands of Digital Equipment, Data General and other mini-computer manufacturers, jostling for the remaining 27.5 per cent were the independents, led by Wang Laboratories and MAI's BASIC/FOUR.

The decision of MAI to step up its sales drive in Europe reflects its view that the potential this side of the Atlantic is just as tempting as in the U.S. if not more so. In general, says Mr Kurshan, small computers are now "a forgiving market": saturation point is far away and there is room for those with the vigour to move in. MAI claims to have sewn up 10 per cent of the market for small business computers (real-time systems) in West Germany and 12.5 per cent in both Switzerland and Belgium. In Holland, where it is building a new plant, it ranks itself second only to IBM with 20 per cent.

In Europe, there are around 1.5m companies with less than 200 employees and it is towards these that MAI is directing its aim. According to Mr Albert Snellick, European area manager, fewer than 15,000 of these companies have real-time small business computer systems. If the market grows at 30 per cent a year, he adds: "there will be a minimum of 700,000 SBCs (small business computers) installed by 1989. This compares with MAI's present figure of 1,700 installations."

During the past financial year MAI's turnover in Europe was nearly $50m after $29m the previous year. In 1978-79, Mr. Snellick reckons, it could be almost $70m. The company also plans to introduce its new word processing product, Wordstream, on the European market, starting next month with Germany. As yet, Wordstream, which MAI acquired late in 1977 when it bought Avionics Product Engineering, is not a profit contributor and is not likely to become so for a couple of years. MAI originally tried to develop its own word processing system, but the project ran aground.

Unlike BASIC/FOUR, Wordstream is aimed at the larger end of the market, those on Fortune's list of the top 1,000 companies. In spite of the inevitable risks associated with a new product, Mr. Kurshan insists that none of MAI's investors or creditors have expressed any disquiet.

MAI has yet to publish full results for 1977-78. Profits after tax should be around $16m, but there is unlikely to be any benefit this time from the tax loss carryforwards which helped push up final net income in 1976-77 to nearly $18m, or $2.83 a share. Earnings per share could, therefore, show a slight dip, reflecting a return to a normal tax basis. But Mr. Kurshan expects another record year in 1978-79.

### THE REVIVAL AT MAI

| | 1978 (first half) | 1977 | 1976 | 1975 | 1974 |
|---|---|---|---|---|---|
| Revenue | $62m ($45m) | $155m | $123m | $95m | $77m |
| Net income | $7.5m ($7.9m) | $18m | $13m | $6m | $2.5m |
| Earnings per share | 97 cents ($1.03) | $2.33 | $1.63 | 84 cents | 34 cents |

(Year to September 30)

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

## General Motors dividend cut worries stock market

BY JOHN WYLES

NEW YORK, Nov. 7.

GENERAL MOTORS has sent a tremor of fear through an already anxious stock market by cutting its end-year special dividend in a move which may result in the company paying out the smallest proportion of its earnings in nearly 30 years.

Announced late yesterday the decision took the legs out from under the New York stock market and wiped out most of the remaining gains registered since the anouncement of President Carter's dollar package last Wednesday. The country's largest car maker was generally seen as being more hesitant about next year's outlook and perhaps less committed to its previous predictions that the 1979 model year would set new records for sales of cars and trucks.

"They are talking with their dollars and not with their mouths, said Mr. Peter Zaglio, motor industry analyst with Loeb Rhoades Hornblower today.

A combination of a $1 regular dividend and $2.25 special brought GM's end-year payout last year to $3.25 and its dividend total for 1977 to $6.80. Virtually all of the motor industry's alaysts had expected the end-year combination of regular and special dividends to total again $3.25, and some thought it might be 15 cents more through an increase in the regular dividend. GM has confounded them all by maintaining its $1 regular dividend but cutting its special to $1.50.

GM's statement said its policy was to distribute from current earnings "such amounts as the current outlook and capital needs of the business permit." While 1979 "can be another year of outstanding achievement, the pressing demands of the business and uncertainties require that the corporation maintain its current strong capital position."

GM's earnings this year are expected to be between $12 and $12.15 a share and a payout of 50 per cent or less of annual earnings would, according to Mr. Zaglio, be the lowest proportion since 1949. In recent years GM's payout ratio has been between 55 and 60 per cent, and in 1974 the company's dividend actually exceeded earnings.

Mr. Thomas Murphy, chairman, and Mr. Elliott M. Estes, president, pointed out in their statement that the company was spending $4.5bn on capital spending this year and "in excess of $5bn next year." This does not explain why GM should want to make a saving of $215m, which is a fraction of its total requirement. Most of the necessary funds are expected to be generated internally and the most probable explanation for GM's move is that it is a cautious response to both domestic and external economic developments.

## United confident in $1bn bid for Carrier

By Terry Byland

**UNITED Technologies Corporation, the aerospace and capital goods giant, confidently expects clearance very soon for its proposed $1bn bid for Carrier Corporation from both the New York State authorities and the Justice Department's anti trust division, said Mr. Edward L. Hennessy Jr. United's senior vice-president in London yesterday.**

**Assuming favourable decisions from both authorities, Mr. Hennessy expects United to complete by the year-end the first phase of the plan—the cash tender at $28 a share for approximately 49 per cent of the stock of Carrier, which is the leading manufacturer of air-conditioning plants in the U.S.**

**Carrier's board, however, remains adamantly opposed to United's proposal, which involves *following* the cash tender offer with a negotiated merger of the remaining 51 per cent of Carrier's stock.**

**Also strongly opposing the bid is the United Auto Workers union, which has described United Technologies as a "rogue employer." But Mr. Hennessy described the UAW statements as a "smokescreen," adding that the union represents only 5,000 out of 14,000 employees of United Technologies.**

## Pressure on margins at Deere

MOLINE, Nov. 7.

DEERE, the farm equipment manufacturers, expects net income per dollar of sales for its fiscal year ended October 31 to be lower than that of the previous year, due to "substantial" foreign currency exchange losses and cost pressures that affected margins.

In a preliminary report to shareholders, the company said net income should be higher than in 1977, adding that sales exceeded $4bn.

In fiscal 1977, Deere earned $4.24 a share on sales of $3.6bn. Current worldwide production schedules for fiscal 1979 are about 10 per cent above 1978 production levels.

While this year's large harvests may depress food and feed grain prices somewhat, Deere reckons that total cash receipts in 1979 will increase slightly over those of 1978 and should provide a strong base for farm machinery sales again in fiscal 1979.

The company added that its receivables, which largely represent dealer inventories, are "quite low in relation to sales volume."

The current outlook for farm and industrial equipment sales is favourable. While housing starts and some commercial construction may ease as a result of high interest rates, it expects further gains in its industrial equipment division, since underlying demand remains strong.

Deere's preliminary estimates indicate that farm equipment sales in fiscal 1978 were up by 9 per cent from 1977 levels, while industrial equipment sales rose by more than 25 per cent.

Total sales in the U.S. and Canada were about 11 per cent higher than in 1977, it said, while overseas sales were up about 18 per cent.

Deere's audited financial statement will be released in December. Reuter

## Joy recovers in second half

NEW YORK, Nov. 7.

JOY MANUFACTURING expects to report about an increase in earnings of 15 per cent for the fiscal fourth quarter to September 29, but a drop of about 19 per cent for the full fiscal year, Mr. J. W. Wilcock, the chairman, president, and chief executive, said.

Fourth quarter net income for the maker of heavy equipment for the coal mining and petroleum industries jumped to a record $14m, or $1.07 a share, from $12.2m, or 96 cents, a year earlier.

Sales climbed by about 4 per cent to $190m from $182m a year ago.

For the 1978 fiscal year, net income dropped to about $39m, or about $3 a share, from $48.2m, or $3.92, a year ago. Sales rose by about 6 per cent to $715m from $677.7m. Fiscal 1978 earnings include a $1.5m foreign currency-translation loss and a "large write-off," which Mr. Wilcock declined to specify, for Joy's previously-announced decision to liquidate the loss-making Joy-France S.A. subsidiary that makes underground mine-hauling equipment. In fiscal 1977, Joy had a $1.1m gain from foreign currency translations.

Joy's backlog at September 29 was $492m, a 13 per cent. increase over the $384m order backlog a year ago. AP-DJ

## U.S. Steel chemicals

**U.S. Steel Corporation expects sales of its industrial and agricultural chemicals division to reach $1bn next year, according to Mr. David M. Roderick, president. Mr. Roderick also said the company will purchase an ethylene and styrene plant in Houston from Atlantic Richfield, Reuter reports from St. Louis.**

## Allied Supermarkets

**Allied Supermarkets which operates mainly in the mid-West, has filed for protection under Chapter 12 of the Bankruptcy Act, Stewart Fleming writes from New York. In its financial year ended September 1978, the company reported sales revenues of $758m and its fourth consecutive annual loss, this time of $9.6m. Last month, Food Fir, one of the country's top ten food retailers with sales of $2.4bn sought protection from its creditors under Chapter 11.**

## Sears Roebuck to sell $1bn of consumer debt

BY STEWART FLEMING

NEW YORK, Nov. 7.

SEARS ROEBUCK, the largest U.S. retail stores group, is moving to assure itself of up to $1bn in new finance under an agreement to sell consumer finance debt to 16 institutional investors, led by the Chicago-based Continental Bank.

Sears said that under the plan, the institutions will assume ownership of some $550m of consumer debt, currently owed to Sears. This figure could increase to $625m by February 1, 1979, and $1bn by 1983.

The institutions will receive the finance charges, although Sears will continue to manage the accounts for a fee on the institutions behalf.

The Sears move is intriguing stockbrokers and stirring intense interest in a meeting tomorrow in New York at which Sears will be discussing its business with share analysts.

Initial reactions to the announcement are that Sears is probably entering the agreement in order to ensure itself of the funds and to try and insulate itself from a run-up in short-term interest rates in the commercial paper market, where it is a heavy borrower. The company says that the initial refinancing of $550m is equal to about 8 per cent of its total consumer receivables of $6.8bn.

Sears itself says that the sale gives it the advantages enjoyed by other merchants who use third party credit cards.

These merchants essentially rely on bank credit to finance *their credit sales.*

As a leading participant in the consumer credit market, Sears must be aware of the inensifying competition, particularly from some major banks, Citibank being the most obvious one. Citibank recently reported a sharp rise in its consumer loans and has been moving to establish itself nationally in the consumer credit market.

Sears itself is generally seen to be at something of a crossroads as the largest U.S. retailer with stores across the country and annual sales revenues of $17bn.

In 1977, in an attempt to increase its market share, it increased its advertising and promotions budget sharply and achieved a $2.3bn rise in sales.

But its operating income declined, as profit margins narrowed and the earnings increase it reported was largely the result of a big improvement in the profits of its Allstate insurance subsidiary.

This year, Sears has changed tack and is seeking bigger profit margins partly through reducing promotional expenditures and is experiencing slower sales growth.

Some analysts suggest that the company will have to develop more coherent strategy for the future and that this could involve the company placing greater emphasis on its finance and insurance businesses as growth centres.

## Sharp earnings gain at Boeing

BY OUR OWN CORRESPONDENT

NEW YORK, Nov. 7.

BOEING'S EARNINGS base appears to have moved to higher ground with a 132 per cent increase in third quarter profits, a substantially larger order book than last year and significant increases in production rates.

New orders this year have already confirmed Boeing's dominance of the world commercial jet aircraft market which is now being translated into substantially higher earnings. These look likely to provide the necessary base for very much higher research and development expenses over the next few years associated with the new generation of aircraft Boeing is marketing—the 757, 767 and 777 jetliners.

The Seattle company's third quarter earnings rose from $39.9m or 94 cents a share last year to $92.6m or $2.17 a share. Profits included an $8.8m after-tax gain on the sale of the company's interest in Messerschmidt-Boelkow-Bloehm. Sales rose 63 per cent to $1.45bn.

Boeing's nine months net rose from $124.5m or $2.93 a share to $215.3m or 5.05 a share, and sales from $2.89bn to $3.84bn.

Boeing gave a pointer to possible end year record earnings of $7.50 a share by anticipating total 1978 sales of $5.5bn.

The stock market, which has witnessed heavy buying of Boeing stock this year, greeted the profits announcement by marking down its shares ; to $62 despite the fact that Boeing also disclosed that it was declaring a special 50 cent dividend in addition to its regular 30 cents quarterly payout. A special dividend of 25 cents was paid in March and none last year.

Boeing attributed its higher earnings partially to increased sales volume and expanded production rates. The company has already delivered in the first nine months of the year more aircraft than it did in the whole of 1977—135 against 119. By the end of the year it expects to have delivered 202 aircraft and its 1979 delivery schedule calls for the delivery of 289 units

RESULTS IN BRIEF

## First-quarter fall at Anderson Clayton

NEW YORK, Nov. 7.

THE MAJOR food and retail products manufacturer **Anderson Clayton and Co.** experienced a sharp setback in the first quarter of the current financial year. Net *income fell from $11.1m or $1* cents a share to $9.2m or 65 cents, on sales up from $173.7m, to $180m.

Also for the first quarter, electrical goods manufacturer **Avnet Incorporated** advanced from 60 cents a share to 66 cents. **Electronic Data Systems** moved ahead from 34 cents a share to 43 cents, and food vending concern **Servomation Corporation** fell sharply from 32 cents a share to 42 cents.

For the nine months period, *Chicago Pneumatic Tool* recovered from a depressed 75 cents a share to $2.71. **Columbia Gas System** moved from $2.65 to $2.90, and electronics company **Varian Associates** remained unchanged at $1.58 a share.

Ladies and childrens clothing manufacturer **Jonathan Logan** slipped from $1.71 to $1.67 for the nine months.

For the third quarter, special chemicals manufacturer **Nalco Chemical** lifted net earnings a share from continuing operations *from 68 cents to 69 cents, while* for the same period the publishing company **Harcourt Brace Jovanovich** increased net earnings from continuing operations from $3.61 to $4.0?.

For the full year, **Oklahoma Natural Gas** advanced from $3.65 to $3.83

Agencies.

EUROBONDS

## Further delay for World Bank loan

By Francis Ghilès

THE DM 400m bond for the World Bank, deferred last week because of unfriendly market conditions, is now facing further delays, due in part to the possible issue of up to $10bn worth of U.S. Government foreign currency bonds.

A DM 150 five-year bullet for Finland was confirmed yesterday. Dresdner Bank is leading the issue, which carries an indicated coupon of 6 per cent.

The DM 20m private placement for the European Investment Bank being arranged by BHF Bank has been priced at par with indicated conditions otherwise unchanged—a ten-year maturity and a coupon of 6½ per cent.

The D-mark secondary sector, which has seen sharp falls in prices since last Wednesday, opened on a soft note yesterday morning but recovered later on in the day. The net effect was that *prices closed slightly down* on the day as investors continued switching into dollar-denominated paper.

It would seem that much of the selling last week, which affected recent issues much more than older ones, was initiated in the Middle East. One German banker said that issues which had ben floated when the D-mark stood at between DM 1.70 and DM 1.80 to the dollar were worst hit.

In the dollar sector a $50m seven-year floater for the Industrial Bank of Japan Finance Company NV was announced. This issue will be co-managed by IBJ and Morgan Stanley. It carries an interest rate of ¼ per cent over Libor and a minimum coupon of 5½ per cent

The Algerian state oil and gas company, Sonatrach, is expected to float is first dollar-denominated issue soon. Lead manager will be Credit Commercial de France and the borrower is expected to pay a coupon of ¾ per cent over Libor. This issue will be guaranteed by Banque Exterieure d'Algerie, a bank which itself issued a $40m FRN less than a month ago.

The dollar seconddary market saw prices move up again yesterday. Most of the turnover was professional but some investor interest was said to be in evidence. Dealers are so short that even minimum buying interest tends to push up prices significantly. Floating rate notes moved up by one quarter to half a point.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on November 7

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ...a Akt. 9½ 88 | 25 | 95½ | 96¼ | +0½ | +0¼ | 9.92 |
| ...ustralia 8.45 83 | 175 | 96½ | 97¼ | +0¼ | +0½ | 9.08 |
| ...ustralia 9½ 93 | 75 | 98½ | 98½ | -0¼ | 0 | 9.51 |
| ...eatrice Foods 7⅞ 83 | 100 | 95¼ | 95⅞ | +0½ | +1½ | 9.03 |
| ...BCA 8¾ 87 | 50 | 93½ | 94¼ | +0¼ | -0½ | 9.82 |
| ...ECA 9 93 | 25 | 96¼ | 96½ | +0½ | +0½ | 9.46 |
| ...ECA 9¼ 98 | 25 | 97 | 97½ | +0½ | +0¼ | 9.55 |
| ...NT 9 93 | 75 | 94 | 94½ | +0½ | +1½ | 9.74 |
| ...anada 8 83 | 250 | 95½ | 96 | -0¼ | +0¼ | 9.40 |
| ...anada 8.40 85 | 250 | 95¼ | 95½ | +0¼ | +0½ | 9.32 |
| ...anada 8⅞ 98 | 250 | 94¼ | 94⅞ | +0½ | +0½ | 9.45 |
| ...anada 9 83 | 400 | 99½ | 100 | 0 | +0½ | 9.27 |
| ...anada 9¼ 98 | 350 | 99¼ | 100 | 0 | +0½ | 9.09 |
| ...anadair 8¼ 83 | 70 | 93½ | 94½ | +0½ | +1½ | 10.13 |
| ...ominion Bridge Co. 9 86 | 25 | 93 | 93½ | +0½ | -0½ | 10.30 |
| ...IB 8¼ 85 | 100 | 95¼ | 95¾ | -0¼ | +0¼ | 9.79 |
| ...IB 9½ 98 | 125 | 96½ | 97½ | -0¼ | 0 | 9.70 |
| ...IB 9¾ 98 | 100 | 97 | 97½ | 0 | -0½ | 9.78 |
| ...isam Jutland 9 85 | 25 | 95 | 95½ | +0½ | +0½ | 10.02 |
| ...ksportfinans 9 86 | 50 | 95¼ | 96¼ | +0½ | +0½ | 9.72 |
| ...xport Develpmnt. 8.6 83 | 125 | 97¼ | 97½ | -0½ | +0½ | 9.47 |
| ...inland 8⅞ 83 | 100 | 96½ | 96¾ | -0½ | 0 | 9.90 |
| ...inland 9 88 | 100 | 96 | 96½ | -0¼ | -0¼ | 9.82 |
| ...ospital O/S 9 83 | 25 | 94½ | 94¾ | +0½ | +1¼ | 10.45 |
| ...C Industries 9 85 | 35 | 91½ | 92 | 0 | -1½ | 10.82 |
| ...el Finance 9½ 88 | 25 | 93½ | 94½ | +0¼ | +0½ | 10.80 |
| ...el Finance 9¾ 90 | 20 | 91½ | 92 | -0¼ | -0½ | 11.31 |
| ...o-Yokado 9¼ 83 | 20 | *97 | 97½ | -0½ | +0¼ | 10.06 |
| ...C. Penney 8⅝ 83 | 100 | 96¼ | 97 | +0½ | +1½ | 9.36 |
| ...ac Bloedel 9¼ 93 | 50 | 95½ | 96¼ | +0½ | +1¼ | 9.78 |
| ...Z Dev. Fin. 8¾ 83 | 20 | 92¼ | 92½ | +0½ | +1¼ | 10.77 |
| ...Z Dev. Fin. 8⅞ 85 | 20 | 92½ | 92½ | +0½ | +1½ | 9.99 |
| ...at. West. 9 86 | 75 | 95½ | 95½ | +0½ | +0½ | 9.82 |
| ...ewfoundland 9½ 89 | 50 | 95½ | 95½ | +0½ | +0½ | 9.93 |
| ...ord. Inv Bk 8½ 86 | 25 | 96¼ | 96¼ | +0½ | +1 | 9.78 |
| ...orges Komm. 9½ 86 | 75 | 96½ | 97¼ | -0½ | -0½ | 9.69 |
| ...orway 7⅞ 83 | 250 | 93 | 93½ | +0½ | +1½ | 9.72 |
| ...orway 8¼ 83 | 125 | 94½ | 95½ | +0½ | +1½ | 9.63 |
| ...orway 8⅞ 83 | 150 | 96½ | 97¼ | -0½ | +0½ | 9.79 |
| ...ccidental 8¾ 85 | 75 | 91½ | 91½ | +0½ | +0½ | 10.75 |
| ...nt. Hydro 9½ 85 | 125 | 94½ | 95¼ | +0½ | +2½ | 9.54 |
| ...uebec Hydro 9½ 93 | 50 | 96½ | 96½ | +0½ | +0½ | 9.93 |
| ...weden 9¼ 98 | 125 | 97½ | 98½ | 0 | +0½ | 9.73 |
| ...K 8¾ 83 | 200 | 95½ | 95½ | -0½ | +0½ | 9.64 |
| ...K 8¼ 93 | 150 | 96½ | 97¼ | -0¼ | +0½ | 9.49 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| ...conna 6½ 85 | 150 | 95½ | 96¼ | 0 | -0¼ | 7.11 |
| Asian Develop. Bk. 5¾ 85 | 109 | 94½ | 95 | +0¼ | -0¼ | 6.24 |
| Australia 6 88 | 250 | 101½ | 102 | 0 | -0½ | 5.76 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 5¾ 88 | 15 | 98½ | 99¼ | +0½ | +0½ | 5.88 |
| Australia 6.8 90 | 50 | 101¼ | 102¼ | +0¼ | +0¼ | 6.48 |
| BFCE 6.4 90 | 30 | 96½ | 97½ | -0¼ | +0¼ | 6.86 |
| Eurofima 6.3 90 | 10 | 98¼ | 99¼ | 0 | +1½ | 6.56 |
| Finland 6.7 88 | 25 | 95¼ | 99¼ | 0 | +0½ | 7.02 |
| Norway 5.7 83 | 25 | 103½ | 104½ | 0 | 0 | 4.78 |
| Oslo, City of 6.6 90 | 15 | 98½ | 99½ | 0 | 0 | 6.87 |
| SNCF 6.6 90 | 20 | 98½ | 99½ | 0 | -0½ | 6.87 |
| Sweden 6.3 90 | 40 | 96¼ | 97¼ | -0¼ | -0¼ | 6.64 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Bank O S Hold. 11½ A$ | 12 | 96½ | 98 | +0¼ | -0½ | 12.23 |
| Auto Cote Basq. 7 93 EUA | 16 | 96 | 97¼ | +0¼ | 0 | 7.36 |
| Copenhagen 7 93 EUA | 30 | 95½ | 96½ | +0¼ | 0 | 7.44 |
| Finland Ind. Bk. 7 93 EUA | 15 | 96¼ | 97½ | +0¼ | +0½ | 7.37 |
| Komm. Inst. 7½ 93 EUA | 15 | 97¼ | 98½ | +0¼ | -0¼ | 7.71 |
| Panama 8½ 93 EUA | 20 | 92 | 93½ | +0½ | +1 | 9.16 |
| SDR France 7 93 EUA | 22 | 97½ | 98½ | +0½ | +0½ | 7.39 |
| Algemene Bk. 6½ 83 Fl | 75 | 93¼ | 93¾ | -0¼ | 0 | 8.00 |
| Brazil 7½ 83 Fl | 75 | 93½ | 94½ | -0¼ | 0 | 9.05 |
| CFE Mexico 7½ 83 Fl | 75 | 96¼ | 96½ | 0 | +0¼ | 8.67 |
| EIB 7½ 85 Fl | 75 | 94¼ | 94½ | 0 | +0¼ | 8.32 |
| Neder. Middenb. 6½ 83 Fl | 75 | 94½ | 95½ | -0¼ | -0½ | 7.76 |
| New Zealand 6½ 84 Fl | 75 | 95½ | 96¼ | 0 | -0¼ | 7.69 |
| Norway 6½ 83 Fl | 100 | 94½ | 95½ | 0 | 0 | 7.94 |
| OKB 6½ 85 Fl | 75 | 92½ | 93¼ | 0 | +0¼ | 7.95 |
| EIB 9½ 88 FFr | 200 | 97½ | 98½ | 0 | 0 | 10.05 |
| BAT 8 88 LuxFr | 250 | 95 | 96 | 0 | -0½ | 8.69 |
| Bayer Lux. 8 86 LuxFr | 250 | 94½ | 95½ | -0¼ | -0½ | 8.84 |
| EIB 7½ 88 LuxFr | 250 | 95½ | 96½ | 0 | -0½ | 8.38 |
| Finland I. Fd. 8 88 LuxFr | 250 | 95½ | 96½ | -0½ | -0½ | 8.64 |
| Norway 7½ 83 LuxFr | 250 | 96½ | 97½ | +0¼ | -0½ | 8.57 |
| Renault 7½ 88 LuxFr | 500 | 95½ | 96½ | -0¼ | -0½ | 8.34 |
| Swedish I. Bk. 8 88 LuxFr | 500 | 99½ | 100½ | 0 | -0½ | 8.03 |
| Citicorp O/S Fin. 10 93 £ | 20 | 83½ | 84½ | +0¼ | -0½ | 12.97 |
| EIB 9½ 89 £ | 25 | 82½ | 83¼ | +0½ | -0½ | 13.04 |
| Finance for Ind. 10 90 £ | 12 | 82 | 82½ | +0½ | -0½ | 13.19 |
| Gestetner Hld. BV 11 88 £ | 10 | 84½ | 85½ | +0½ | +0½ | 13.87 |
| Oranjeboom 10½ 90 £ | 15 | 82½ | 83½ | 0 | -0½ | 13.19 |
| Whitbread 10½ 90 £ | 15 | 83 | 83½ | +0¼ | +0½ | 13.39 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.date | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| American Express 82 | 0¼ | 98½ | 99½ | 20/4 | 10½ | 10.73 |
| Arab Intl. Bank M6.5 83 | 0½ | 96 | 96½ | 31/1 | 9¼ | 9.74 |
| Banco Nac. Argent. M8 83 | 0¼ | 96¼ | 96½ | 21/1 | 9½ | 9.70 |
| Bank Handlowy M8 88 | 1¼ | 96½ | 97 | 25/11 | 9.56 | 9.88 |
| Bank of Tokyo M5½ 93 | 0¼ | 96½ | 96½ | 18/4 | 10¼ | 10.27 |
| Banque Worms M5½ 85 | 0¼ | 97½ | 98¼ | 15/12 | 9 | 9.20 |
| Bq. Ext. d'Alg. M5.75 84 | 0½ | 97 | 97½ | 9/2 | 9½ | 9.90 |
| Bque. Ext. d'Alge. M7.5 85 | 0½ | 96¼ | 97 | 2/11 | — | — |
| Bque. Indo et Suez M5½ | 0¼ | 97½ | 97½ | 25/1 | 9½ | 9.60 |
| Bq. Int. Afr. Occ. M6.5 82 | 0½ | 96½ | 97½ | 12/1 | 9½ | 9.65 |
| CCCE M5.25 98 | 0¼ | 96 | 96½ | 3/2 | 9.19 | 9.55 |
| CCF M5½ 85 | 0½ | 99½ | 99½ | — | 12¼ | 12.33 |
| Chase Man. O S. M5½ 93 | 0¼ | 96¼ | 97½ | 27/1 | 9.31 | 9.60 |
| Costa Rica M8 85 | 1¼ | 99½ | 99½ | 10/4 | 11.19 | 11.24 |
| Credit National M5½ 88 | 0¼ | 96½ | 97¼ | 11/1 | 9.19 | 9.47 |
| Enpetrol M7 86 | 0½ | 97½ | 97½ | 21/3 | 10 | 10.26 |
| SFTE M9 83 | 0½ | 98¼ | 98½ | 5/4 | 10.69 | 10.85 |
| Ishikawajima M5½ 85 | 0¼ | 97½ | 98½ | 27/4 | 11¼ | 11.46 |
| Ljubljanska M7.75 85 | 1 | 96½ | 96½ | 19/1 | 10½ | 10.62 |
| Midland Intl. M5½ 88 | 0¼ | 96½ | 97¼ | 20/1 | 9.44 | 9.74 |
| Nat. West. M5½ 90 | 0½ | 96½ | 97½ | 21/12 | 9.31 | 9.59 |
| Nippon Cred. M5½ 85 | 0¼ | 98 | 98½ | 15/3 | 9½ | 9.67 |
| OKB M5½ 88 | 0¼ | 98½ | 99¼ | 18/4 | 10.56 | 10.68 |
| Offshore Mining 86 | 0¼ | 97½ | 97½ | 19/1 | 9.44 | 9.68 |
| Standard Chart. M5.5 90 | 0¼ | 96¼ | 96½ | 10/2 | 8.94 | 9.27 |
| Sundsvallsbanken M6 85 | 0½ | 96½ | 96¼ | 4/4 | 10.06 | 10.43 |
| Utd. Overseas Bk. M6 83 | 0½ | 98½ | 99½ | — | 12.31 | 12.44 |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Asics 5¼ 93 | 9/78 | 628 | 101¼ | 102½ | -0¼ | 6.33 |
| Baker Int. Fin. 5½ 93 | 1/79 | 34 | 97½ | 98½ | +0½ | 3.58 |
| Boots 6½ 93 | 2/79 | 2.36 | 88½ | 89½ | -0½ | -4.68 |
| Coca-Cola Bottling 6½ | 4/79 | 9 | 22½ | 89½ | -1½ | 19.70 |
| Ito-Yokado 5½ 93 | 6/78 | 1473 | 137½ | 138¼ | -1½ | 0.39 |
| Nitto Industry 7 86 | [illegible] | 259 | 91¼ | 92½ | -0½ | 3.94 |
| Texas Int. Air. 7½ 93 | 4/79 | 14.5 | 81½ | 83 | +9¼ | 9.76 |
| Thorn Int. Fin. 7 88 | 11/78 | 3.67 | 96½ | 97½ | -1¼ | -1.45 |
| Tyco Int. Fin. 8 88 | 9/78 | 21 | 94½ | 96 | +0¼ | 21.39 |
| Tyco Int. Fin. 5 84 | 5/78 | 61.5 | 71¼ | 72½ | -1 | 167.98 |
| Asahi Optical 3½ DM | 12/78 | 588 | 95½ | 95½ | +0¼ | 17.31 |
| Casio Comp. 3 85 DM | 11/78 | 841 | 107½ | 108 | -1½ | -1.60 |
| Izumiya 3½ 86 DM | 10/78 | 989 | 105½ | 106¼ | +0½ | 4.43 |
| Jusco 3½ 86 DM | 1/79 | 1270 | 100½ | 102½ | -0½ | 10.49 |
| Konishiroku 3½ 85 DM | 1/79 | 612 | 96 | 98½ | +0½ | 13.10 |
| Marudai Food 3½ DM | 2/79 | 1033 | 105 | 105½ | 0 | 10.69 |
| Murata Man. 3½ 86 DM | 11/78 | 850 | 95½ | 96¼ | -0½ | 5.25 |
| Nippon Air 3.5 88 DM | 12/78 | 508 | 96½ | 97½ | -0¼ | 4.65 |
| Nippon Shinpan 3½ DM | 8/78 | 738 | 119½ | 120½ | -0½ | -3.99 |
| Nissan Diesel 3½ 86 | 2/79 | 477 | 98½ | 99½ | 0 | 2.00 |
| Ricoh 3½ ... DM | 10/78 | 617 | 103¼ | 103½ | +0½ | 14.52 |
| Sankyo Electric 3½ DM | 8/78 | 869 | 123½ | 124½ | +0½ | 7.49 |
| Sanyo Electric 3½ DM | 11/78 | 295 | 95½ | 96½ | +0¼ | 4.22 |
| Seiyu Stores 3½ 86 DM | 9/78 | 1275 | 115¼ | 116½ | -0½ | -2.62 |
| Stanley Electric 3½ DM | 11/78 | 623 | 100½ | 101½ | -0½ | 5.98 |
| Trio-Kenwood 3½ 86 DM | 11/78 | 711 | 93½ | 94½ | +0½ | 14.08 |

* No information available—previous day's price.

† Only one market maker supplied a price.

**Straight Bonds:** The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

**Floating Rate Notes:** Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.date = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

**Convertible bonds:** Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



## U.S. QUARTERLIES

**CANADIAN PACIFIC**

| Third Quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | — | — |
| Net profits | 80.7m | 61.2m |
| Net per share | 1.11 | 0.84 |
| *Nine Months* | | |
| Revenue | — | — |
| Net profits | 233.5m | 187.6m |
| Net per share | 3.23 | 2.59 |

**CONNECTICUT GENERAL**

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | — | — |
| Net profits | 72.7m | 68.2m |
| Net per share | 1.76 | 1.65 |
| *Nine months* | | |
| Revenue | — | — |
| Net profits | 188.3m | 157.3m |
| Net per share | 4.56 | 3.81 |

**ADOLPH COORS**

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 221.6m | 196.3m |
| Net profits | 25.3m | 23.2m |
| Net per share | 0.72 | 0.66 |
| *Nine months* | | |
| Revenue | 480.1m | 471.9m |
| Net profits | 44.9m | 59.3m |
| Net per share | 1.28 | 1.68 |

**LOEWS**

| Third quarter | $ 1978 | $ 1977 |
|---|---|---|
| Revenue | 877.3m | 838.7m |
| Net profits | 49.6m | 38.7m |
| Net per share | 2.93 | 2.17 |
| *Nine months* | | |
| Revenue | 2.54bn | 2.40bn |
| Net profits | 125.0m | 144.1m |
| Net per share | 7.43 | 7.90 |

**MCA**

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 326.4m | 225.5m |
| Net profits | 23.2m | — |
| Net per share | 2.00 | 1.19 |
| *Nine months* | | |
| Revenue | 787.9m | 608.2m |
| Net profits | 95.4m | 62.9m |
| Net per share | 4.10 | 2.71 |

**PRENTICE HALL**

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 75.88m | 72.96m |
| Net profits | 11.99m | 11.57m |
| Net per share | 1.21 | 1.16 |
| *Nine months* | | |
| Revenue | 185.2m | 171.3m |
| Net profits | 19.19m | 17.41m |
| Net per share | 1.93 | 1.75 |

**SAMBO'S RESTAURANTS**

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 157.1m | 135.0m |
| Net profits | 3.11m | 6.83m |
| Net per share | 0.24 | 0.53 |
| *Nine months* | | |
| Revenue | 427.8m | 362.4m |
| Net profits | 12.56m | 17.77m |
| Net per share | 0.98 | 1.38 |

**TRANSCO COS.**

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | 233.3m | 198.4m |
| Net profits | 14.97m | 21.24m |
| Net per share | 0.65 | 0.94 |
| *Nine months* | | |
| Revenue | 686.5m | 571.1m |
| Net profits | 44.91m | 54.03m |
| Net per share | 1.97 | 2.39 |

**TRAVELERS CORP.**

| Third quarter | 1978 $ | 1977 $ |
|---|---|---|
| Revenue | — | — |
| Net profits | 97.4m | 67.5m |
| Net per share | 2.23 | 1.55 |
| *Nine months* | | |
| Revenue | — | — |
| Net profits | 272.7m | 173.9m |
| Net per share | 6.26 | 3.98 |

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Siemens plans $92m rights

BY GUY HAWTIN FRANKFURT, Nov. 7.

SIEMENS, THE largest electrical company in West Germany, is to raise DM 175m ($92m) via a rights issue and promises to maintain its dividend at 16 per cent for the year ended last September.

At the same time, the company gave an indication of its profits progres last year by revealing that earnings available for distribution totalled DM 262m, compared with DM 257m in 1976-77. World-wide sales last year amounted to DM 29bn.

The rights issue will be on a one-for-20 basis at DM 100 per share: last night, the Siemens Ordinary shares closed at DM 295. Siemens last tapped shareholders back in April, 1975, when it offered a one-for-10 rights issue.

The allocation to world reserves for last year, said the group, would be at much the same level as in the previous business year. The group had recorded an inflow of orders worth DM 29bn ($15.28bn) compared with the previous year's DM 25.9bn.

Excluding the business booked by Kraftwerk Union (KWU), West Germany's largest power station construction concern which was consolidated into the Siemens accounts for the first time last year, bookings were up by 5 per cent. In true comparison with 1976-77, they were up from that year's DM 24bn, to DM 25.4bn.

World turnover during the period under review grew in the same real terms by 5 per cent to DM 23.8bn. KWU's orders were DM 3.9bn last year and a turnover was DM 5.5bn.

The commercial development of the group's product divisions "varied considerably" said today's report. The installations technology sector had failed to equal the previous year's sales record, while in the medical technology sector growth had been slower than targetted. However, in the components, data and information, energy technology and telex and communications technology sectors turnover had increased.

As a result of improved utilisation, the workforce had increased in a number of important sectors, notably in data and information systems, energy technology and telex and signalling technology.

During the year the world-wide labour force increased by 1 per cent to 322,000. The growth, however, had to be viewed against the previous year's 3 per cent decline.

## Setback for West German department store group

BY OUR OWN CORRESPONDENT FRANKFURT, Nov. 7.

KARSTADT, Europe's largest department store group, today disclosed that the nine-month profits have been depressed by start-up costs in a number of operational areas. The news comes at a time of considerable expansion by the company as well as its absorption of the Neckermann store and mail order group.

Today's report on the first nine months of 1978 said that these developments would also leave their mark on the year's results. The setback was primarily incurred as a result of the increase in the sales space, the integration of the Neckermann department stores and the reorganisation of its Kepa Kaufhaus subsidiary and Karstadt SB.

Sales of Karstadt, including Kepa and Karstadt SB, had increased by 5.2 per cent during the nine months, to just over DM 6bn ($3.16bn). However, when increased sales space was taken into account, sales fell by a comparable 1.3 per cent.

Neckermann reported a turnover of DM 1.17bn during the period under review, of which some DM 162m came from the department stores remaining with the Neckerman operations. Sales figures, which include value added tax, were up by 5.6 per cent.

## Shareholder cash for Gazocean rescue

By David Curry

PARIS, Nov. 7.

THE FINAL touches have now been put to the plan to rescue Gazocean, a major shipper of liquefied natural gas.

The shareholders of the company have put in an extra FFr 30m ($9.23m) and the Government has matched this with a long-term loan from its Social and Economic Development Fund (FDES). The new money means that the company should manage operating profits this year.

The other main element of the package, agreed previously, is for the 12 creditor banks to take over ownership of the methane-carrier Ben Franklin for the amount of money outstanding to them, some FFr 412m. The vessel will be chartered to Pacific Indonesian to carry gas from Indonesia to the U.S. from 1982 to 1994.

The main shareholder in Gazocean is the Moroccan Phosphates Office which came into the company in July, 1977, when it hit its first financial crisis.

## Sibra passes dividend again

By John Wicks

ZURICH, Nov. 7.

SWISS BREWER and soft drinks manufacturer, Sibra Holdings SA, is again not paying a dividend.

The group, which includes a number of Swiss breweries and foreign interests, says its subsidiaries showed a small operating profit last year, but that profitability can be improved by rationalisation. Extraordinary depreciation of SwFr 13m is to be taken against reserves.

Meanwhile, the Swiss watch company Societe Suisse pour l'Industrie Horlogere SA (SSIH), has set up a joint-venture subsidiary with Nippon Miniature Bearing Company, of Japan. The new company, called Precision Watchcase, will be based in Singapore and produce some 500,000 watch-cases a year, primarily for use by the Swiss partner.

FABRIQUE NATIONALE HERSTAL

## Mapping out an earnings strategy

BY GILES MERRITT IN BRUSSELS

FIVE YEARS ago, Belgium's Fabrique Nationale Herstal seemed in danger of succumbing to terminal inertia. The venerable Liege-based armaments manufacturer, whose fortunes had been founded on Browning automatic weapons, seemed to be going under slowly as it waited in vain for the customers who had once beaten a path to its doors.

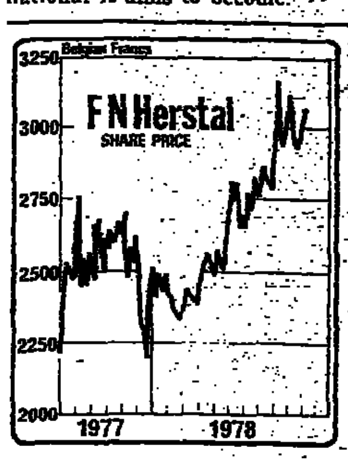
Today, Fabrique Nationale (FN) is enough of a success story for the trade unions to select it as a natural target for test case demands, and its financial performance has improved sufficiently for ambitious new programmes to have been launched. FN is busily transforming part of itself into an international sporting equipment group, is diversifying into new industrial areas such as plastics recycling, and is fighting back hard in its traditional business of military hardware.

FN's aggressive new approach dates from 1974, when the powerful Société Générale de Belgique, which is the largest shareholder in the company, backed a boardroom coup. It was not before time, for although FN has survived the economic recession in better shape than many Belgian companies it still faces a difficult future. It has already told the unions that maintaining employment at the present level of 9,300 jobs will require a one-third increase in next year's turnover from that of 1978, with sales reaching BFr 15bn. To make that goal even more difficult, January 1 sees the start of a 38-hour week at FN, a work-sharing reduction in hours won by the unions after last February's lengthy strike which cost FN an estimated BFr 1bn in lost production.

To generate the new sales and profits that it needs—and net earnings for the 12 months to last June 30 were only BFr 66m (about $2.3m) on a turnover of almost BFr 12bn—FN has initiated a flurry of investment and reorganisation. The group has recovered some of the ground that it lost during the dog days of the mid-seventies, when losses were recorded for four years running, and the share price plummeted to about a third of its former level, but it now aims to restructure itself into a more streamlined group with four main product areas: aircraft engines, automatic weapons, sporting equipment and general industrial products.

Charting FN's performance is at present made no easier by the changeover in its accounting periods and its plans to consolidate group figures. Its former 12-month period to the end of June is at present being switched to a financial year ending December 31. FN is forecasting a BFr 6.25bn turnover for the last six months of this year, which would bring total sales for its extraordinary 18-month period to BFr 16.8bn.

Originally founded in 1889 as a co-operative for the Liege area's long-established gunsmiths, the Fabrique Nationale d'Armes de Guerre, as it then was, prospered from its close relationship with American arms inventor J. M. Browning and through an inexorable industrial logic has during this century been a producer of artillery, armoured cars, trams, motorcycles and luxury limousines. That rather unwieldy spread of product lines still exists, so that FN is currently at a transitional stage, poised uncertainly between being the old-style industrial entrepreneur it once was and the more disciplined high-technology multinational it aims to become.




FN's aggressive new approach dates from four years ago, when its largest shareholder, the powerful Société Générale de Belgique, backed a boardroom coup. It has survived the recession in better shape than many other Belgian companies, but still faces problems.

FN operations range from finely chased, craftsman-built sporting guns through military firearms to the F100 jet engines for the F-16 combat aircraft, which it builds in association with Pratt and Whitney of the U.S. Although the high investment costs required by the F100 contract and FN's participation in the Dassault-Dornier Alphajet programme and the Snecma-General Electric CFM 56 civil engine have cut heavily into the group's resources—for the 12 months ended June 30 the new F100 plant took BFr 1.22bn out of total investments of BFr 1.68bn—the engine division is amongst the least of FN's management headaches.

The production of components and the assembly of aircraft engines is set to provide a growing proportion of FN's sales—the aim is for the present 20 per cent of the total to rise to one-third. It is the older firearms side of the business that presents FN with its largest problems. For the company is torn between its past as an almost paternalistic employer in the old cradle-to-grave European mould, and its present need to cut labour costs drastically.

FN's sporting guns side is in trouble. Ten years ago, it sold an annual 150,000 shotguns to the U.S. alone, but now cheaper guns, notably from Japan, have cut U.S. sales to less than 60,000. FN is itself setting up in Portugal and Brazil, while to head off possible U.S. objections it is planning a pistols and other small arms factory in South Carolina. At the same time, FN is using the Browning trac mark, following its $20m ta over of the U.S. Browning c cern in 1977 for a determin attack on the growing int national leisure equipme market. In short order, it h launched what it claims a revolutionary golf clubs a tennis rackets, designed by ballistic experts, and h acquired for BFr 60m control Lerc, a leading French manuf turer of glass-fibre fishing ro By buying up its own franchis Browning marketing and dist bution outlets in Europe, aims to become a major fo in the sporting equipment fiel

The chief problem will be reconcile its cost-cutting ne with its self-imposed so obligations of maintaining e ployment inside Belgium. Sin the mid-60s the FN workfor has declined by about 15 per ce but in recent years the gro has managed to hold employm fairly steady through an exp sive system of early retirem that is designed to permit sch leaver recruitment. The res has been a sharp rise in lab costs, which have gone from per cent of total product costs in 1976/77 to 60 per cent 1977/78.

FN is, indeed, apparently c mitted to going to lengths maintain employment that ma other companies would not c sider. To try and stem red dancies in its shotgun engrav department, FN recently took a contract from Saudi Arab Defence Ministry — it was the coat of arms together w motto in Arabic of the Minis Prince Sultan Bin Abdul-Aziz Saud, to be engraved on 7,285-piece silver dinner servi

MEDIUM-TERM CREDITS

## USSR debt restructuring move

BY JOHN EVANS

THE SOVIET UNION is to undertake what effectively marks the first debt restructuring operation aimed at obtaining beter borrowing terms by any Eastern bloc member in the international capital markets.

The Foreign Trade Bank of Moscow is negotiating a "private syndication" of $250m in the Euromarkets with a group of banks headed by Lazard Freres in Paris.

Other details of the loan are not yet known, although it is believed that Vneshtorgbank is seeking a 10-year maturity with a spread over interbank rates of some ⅝ per cent throughout.

These represent the finest terms yet for a Soviet loan in the current market cycle of declining bank fees for Euromarket financings.

Unlike most conventional refinancing operations in the markets — under which a wide range of governmental and corporate institutions have recently obtained finer interest terms and longer maturities from the banks as a result of very favourable borrowing conditions — the Soviet operation is based on a new loan syndication.

However, Vneshtorgbank — the main Soviet borrowing vehicle in western markets — has now paid back ahead of schedule a $250m two-part loan originally obtained from a group of banks led by Banque Nationale de Paris and Morgan Guaranty in 1975. This credit commanded a five-year maturity at a spread of 1½ per cent.

The Soviet bank gave notice of the prepayment in the autumn, after the banking syndicate apparently turned down a request from Moscow for a straight refinancing of the loan on finer terms.

The new credit is thus considered in the Euromarkets to be a de facto restructuring of Soviet debt in order to share in the advantageous terms many borrowers are currently winning from the lending banks. At least part of this new facility will be used to replace depletion of the Soviet hard currency reserves caused by the prepayment operation, London bankers suggest.

Gross Comecon debt of all categories is estimated to have totalled $43.3bn by end-1977, with the Soviet share being calculated at $16.2bn. By the end of last year, total Comecon recourse to syndicated Euromarket credits since 1972 is estimated to have totalled $10.4bn, of which the Soviet Union accounted for $1.2bn.

Comecon debt levels to the West have escalated over the past couple of years, partly as a result of the recession in most industrialised economies.

However, the Soviet Union moved into surplus in trade with the West half-way through 1977, reducing the size of its debt relative to export earnings and helping to reinforce confidence in Comecon's ultimate ability to tackle its indebtedness to the West.

Whether other Comecon member states could attempt to emulate the Soviet actions with similar debt restructuring is an open question.

Most East European economies have a continued need for development finance from the West, and would presumably be wary of reducing their ability to borrow from the banks by attempting refinancings. Romania and East Germany, among the Comecon states enjoying the best access to the Euromarkets, would still only be "marginal" candidates for restructuring, bankers believe.

The Comecon supranational banks, such as the International Investment Bank, with a history of substantial Western borrowings, could also possibly attempt refinancings, they suggest.

## Aker higher after eight months but sees slowdown

BY FAY GJESTER OSLO, Nov. 7.

THE AKER shipbuilding group of Norway estimates pre-tax profits of about Nkr40m (U.S.$ $7.92m) in the first eight months of 1978, compared with NKr28.9m in the same period last year. It foresees lower earnings during the rest of this year, however, so that results for all 1978 will probably be similar to the total of 1977, NKr47.4m.

The group is pessimistic about the prospect for maintaining employment at all of its companies. It says that in the search for new orders Aker has seen foreign contractors pitching their bids so low that Norwegian companies could not compete. It forecasts, however, that the current wage and price freeze will help curb the rise in Norway's cost levels.

Although man-hours worked fell slightly to 11.5m this year from 11.7m in 1977, total personnel costs rose to NKr849.6m from NKr675.8m. At the same time, the value of production fell to NKr1.96m from NKr1.97m, partly reflecting a move into offshore contracting, which involves very little material. This type of w accounted for 22 per cent of hours worked in the per against only 1 per cent in first eight months of last ye External sales reached N 1.91bn compared with NKr1.65

The eight months rep shows a steep fall in the va of order reserves from NKr3. a year ago to NKr1.03bn at end of August this year. T group's order book on August comprised eight ships, two bu 18 naval vessels and the refit of one drilling platform. C rent order reserves are ins cient to fully employ the capa of the group's companies an considerable proportion of p duction hours for the rest of current year is still unboo Some workers have already b laid off.

● The NKr500m bond is from the Norwegian state been heavily subscribed, p ing applications for more t NKr6250m of bonds. The year government issue carrie coupon of 7½ per cent and priced at par.

## KemaNobel reorganises

BY JOHN WALKER STOCKHOLM, Nov 7.

THE speciality chemicals division of KemaNobel — Sweden's largest chemical concern—has been reorganised into a separate company, KenoGard AB which will establish its own identity, particularly on international markets.

The main function of the new company is to manufacture plant and wood protection substances, disinfectants, anti-caking, and anti-corrosion materials. The agrochemical division of KemaNobel formerly traded under the name of KenoGard, which now stands for all the speciality chemicals coming from KemaNobel.

KenoGard recently acquired 50 per cent of the Malaco AG of Switzerland. The company has extended its activities to service chemicals for oil drilling, such as additives for the protection of equiment from corrosion in the North Sea, Saudi Arabia and South East Asian oilfields.

## Argentina buys power company

BY OUR OWN CORRESPONDENT ZURICH, Nov. 7.

AN AGREEMENT has been signed with the Argentine Government concerning the takeover by the authorities of Cia. Italo-Argentina de Electricidad S.A. (CIAE), a power company hitherto more than 90 per cent owned by Swiss shareholders.

The net acquisition price for the CIAE installations is $92.3m, payment to be in the form of 11-year Swiss franc bonds repayable from the fifth year onwards. A further $29.7m, representing short-term assets involved in the takeover, will be paid in cash.

Payments to former CIAE shareholders, expected to be of the order of SwFr 200 per share, are expected to begin early next year.

Meanwhile some two-thirds of the staff of Burroughs International SA, of Fribourg, are to be moved to London. The Swiss company is a holding, marketing and trading subsidiary of the Detroit-based data processing equipment manufacturer Burroughs Corporation, and has served as its European headquarters.

The reason given for the relocation of staff is the difficulty arising from Fribourg being situated a considerable distance from an intercontinental airport.

In a seperate development, the Swiss catering group Moevenpick has signed an agreement with the Saudi financier Adil Khashoggi for the opening of three Moevenpick restaurants in Saudi Arabia over the coming two years.

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Mitsubishi Motors payout paves way for listing

BY YOKO SHIBATA TOKYO, Nov. 7.

MITSUBISHI MOTORS, one of Japan's top vehicle makers, is to pay a 10 per cent dividend as a first payment at the end of the current fiscal year according to the company sources. Unlike other leading motor manufacturers, Mitsubishi is not listed on the Stock Exchange.

The company, however, now faces the prospect of becoming listed in two years time, since Japanese stock exchange requirements stipulate that to qualify a company has to pay a dividend of Y5 or more per share for each of the previous three years, and to project the maintaining of a Y5 dividend

Mitsubishi Motors' improvement in business performance in recent years has encouraged it to make the payment. The company was separated out from Mitsubishi Heavy Industries, as a subsidiary in 1970 and formed a capital link with Chrysler of the U.S., which acquired a 15 per cent stake in Mitsubishi Motors in 1971. Chrysler has been presing Mitsubishi Motors to list on the stock exchanges, according to sources here.

Mitsubishi Motors has never published business results, but industry sources estimate its sales for the April-September half-year at Y435.4bn ($2.3bn), for a rise of 30.2 per cent and current profits at Y4.5bn (up 21.5 per cent).

Mitsubishi Motors had long been a lame duck within Mitsubishi Heavy Industries as well as the whole Mitsubishi group. However, it has steadily improved its performance, with its sales abroad geared to Chrysler's sales networks.

Ironically, the motor company has latterly been supporting its parent MHI. MHI has to-day announced the laying-off of a batch of 850 workers in its shipbuilding division, and their redeployment with Mitsubishi Motor Sales Company for one to three years, in order to cope with the 40 per cent shipbuilding capacity reduction announced this summer and the curtailment of operations resulting from the sharp fall in new ship orders.

MHI has so far dispatched a total of 1,200 workers to the strong automobile side (Mitsubishi Motors and Mitsubishi Motor Sales).

## KHI passes its dividend as sales and profits fall

BY OUR FINANCIAL STAFF

KAWASAKI HEAVY Industries has reported lower profit and sales for the first-half of the financial year, and has omitted its interim dividend—against the background of the slump in the shipbuilding industry and the sharp rise in the yen in the foreign exchanges. It believes that its results for the full year, to March, may show a small deficit before tax and special items.

Profits of the company—one of the major Japanese shipbuilders and heavy machinery manufacturers—fell 37.7 per cent to Y4.92bn, before tax and special items, in the first-half, from Y7.90bn in the same period last year. After-tax profits decreased 38.4 per cent to Y2.82bn ($14.8m), from Y4.58bn. Sales were cut 5.5 per cent to Y242.26bn ($1.3bn), from Y256.37bn.

KHI this summer—in line with other leading Japanese shipbuilders announced plans to cut its ship-building capacity by 40 per cent, in accordance with the recommendation of the Japanese Shipbuilding Rationalisation Council, a Government advisory body.

For the full year, KHI forecasts a fall of some 6 per cent in sales to around Y530bn, from Y566.07bn last year. It has not published an after-tax profit forecast, to compare with the Y9.68bn realised in 1977-78.

Sales of ships in the first-half fell by 17.8 per cent to Y60.27bn, from Y73.33bn and accounted for 25 per cent of overall sales. Shipbuilding orders were down 23.2 per cent to Y22.94bn, from Y29.87bn and the order backlog in this sector was reduced 18.6 per cent to Y246.15bn, from Y302.24bn at the end of September last year.

The company's exports declined 8.2 per cent to Y114.67bn, from Y124.9bn, with export orders in the half-year down 44 per cent to Y66.75bn, from Y119.26bn.

Orders in the six months totalled Y210.57bn, or 15.6 per cent less than the Y249.62bn a year earlier, and the end-September backlog showed a fall of 7.8 per cent, to Y617.38bn from Y667.84bn.

## Japanese direct foreign investment up

TOKYO, Nov. 7.

JAPANESE companies' direct overseas investments during fiscal 1978 first-half, ended September, rose 39 per cent to $942m, from $874m in the same period of the 1977 financial year, the Finance Ministry announced.

The increase resulted from the sharp appreciation of the yen, which reduced investment costs in yen terms, Ministry officials said.

Direct investments overseas which had declined from a record $2.20bn in fiscal 1973 to $1.72bn in fiscal 1977, because of the prolonged recession caused by the oil crisis, had begun to increase early this year and accelerated with the start of fiscal 1978 in April. Reuter





## Creditors agree AustIran rescue

By James Forth

SYDNEY, Nov. 7.

A RESCUE PLAN has been formulated for the troubled meat exporting venture AustIran, which was placed in receivership three weeks ago. One of the major creditors, Sea Containers Atlantic, will buy the 37.5 per cent equity stake in AustIran held by the National Bank of Australasia, as part of the scheme.

This will involve an injection of working capital and the repayment of all creditors other than the National Bank and the major creditors participating in the salvage plan. The scheme, which has been agreed to by major creditors, will mean the termination of the receivership. Among the creditors to be paid in full are Brovit Shipbuilders, Shell Oil, Liner Services and Wesfarmers' Shippers.

The major creditors will be partially paid, reportedly about 30 cents in the dollar, and will accept subordinated interest bearing notes for the balance.

The price paid for the National Bank's shareholding was not disclosed. At the time the receivers were appointed it was reported that the bank was owed about A$3m (US$3.4m), and Sea Containers about A$1m.

AustIran will now be owned 40 per cent by the Iranian Government, 10 per cent by Industrial Mining and Development Bank of Iran, 37.5 per cent by Sea Containers, and 12.5 per cent by the Australian group, Darling Collett International.

The president of Sea Containers, Mr James Sherwood, said that special circumstances were involved in its taking an equity interest in one of its customers. Sea Containers would withdraw, without penalty, two of its Strider Class refrigerated container ships from the AustIran Services leaving two Striders offering three weekly sailings to the Gulf ports.

## Custom Credit hit by loans losses

By Our Own Correspondent

SYDNEY, Nov. 7.

CUSTOM CREDIT Corporation, the wholly-owned finance offshoot of the National Bank of Australasia, showed only a marginal rise in profit for 1977-78, from A$17.96 to A$18.04 (U.S.$20.7m). Earnings would have been lower but for a reduction in the tax provision, from A$14.7m to A$13.9m.

The company suffered a loss on loans, of A$7.7m compared with A$5.9m in the previous year, and the directors stated that the continuing unemployment throughout Australia was having an adverse impact on the level of losses.

The directors of Australia's largest finance company, Australian Guarantee Corporation, made a similar complaint about the effects of unemployment late last month when they announced the profit result. However, AGC still recorded an increase of 19 per cent.

The static result from Custom Credit suggests that the National Bank, which is due to report its 1977-78 earnings tomorrow, may be pressed to repeat its earnings growth of recent years.

Custom Credit transferred another A$1.86m to the provision for doubtful debts, taking the total to A$9.35m.

The directors said that favourable industry demand conditions in leasing were largely offset by the depressed state of the consumer and real estate markets and as a consequence the available lending market showed no significant real growth during the year.

## Further Hong Kong prime rate increase

BY ANTHONY ROWLEY HONG KONG, Nov. 7

IN A SURPRISE move, the Hong Kong banks' prime lending rate was raised by a further 1.5 percentage points to 8.75 per cent today, with effect from Thursday.

This latest increase, decided upon at an unscheduled meeting of the interest rate sub-committee of the Exchange Banks Association, follows a 1.25 point rise less than two weeks ago.

The move follows last week's support package for the U.S. dollar, which increased the U.S. discount rate by 1 per cent to 9.5 per cent and which has since been followed by a rise to 10.75 per cent in the U.S. prime rate. These rises have offset much of the benefit of the last rise in the Hong Kong prime rate as a means of supporting the Hong Kong dollar and discouraging outflows of money from the Colony.

Hong Kong deposit rates will also be raised, by one percentage point, effective from Thursday, the same day that the increase in the prime—or best lending—rate takes effect.

The new deposit rates will be: 6.75 per cent for 12 month deposits; 5.25 per cent for six months; and 4.5 per cent for three-months, seven-days, call and saving deposits.

This latest, surprise jump in deposit and lending rates—a further rise had been expected but not for some weeks—will almost certainly have a dampening effect on the stockmarket here which is already having difficulty in digesting last week's news of a HK$300m rights issue by China Light and Power Company. Analysts feel that the market had certainly not discounted prime rate rises of the 2.75 point magnitude seen in the past two weeks.

## Nampak earnings for nine months match 1977 total

BY RICHARD ROLFE JOHANNESBURG, Nov. 7.

RESULTS FROM Nampak, which until recently was known as Reed Nampak and was the local subsidiary of Reed International, show good progress by the group for the nine months to end-September, in line with the recent trading experience of other paper and packaging groups. Nampak has changed its financial year-end to coincide with that of its new parent, Barlow Rand, the Republic's largest industrial group, and figures for the nine months just completed are virtually the same as those for the previous 12-month period.

Though turnover for the nine months is R128m ($147m) against R142m for the 12 months to December, 1977, income before taxation is R24.5m ($28.2m) against R24.8m for the 12-month period. The net attributable figure is ahead from R14.6m to R14.7m, and earnings per share are down from 61 cents to 59 cents. The latter figure is based on a weighted average share capital up from 24m to 24.9m shares, while the issued share capital at the year-end was 26.8m shares. The results include profits of the Barpak group, Barlow Rand's own packaging companies, for the three months from July 1.

Nampak has declared dividends for the nine-month period amounting to 25 cents, compared with 29 cents for the 12 months. So the latest dividend total is equivalent to 33 cents on an annual basis and the shares, at 570 cents, yield 5.8 per cent.

## Advance at OK Bazaars

BY QUENTIN PEEL JOHANNESBURG Nov. 7.

IMPROVED first-half results are reported today by OK Bazaars, South Africa's largest retailer and the main non-liquor offshoot of South Africa's Breweries. With profits up more than 11 per cent on last year's interim results—at R4.4m ($5.12m)—the latest figures suggest that the previous indifferent performance of the group may have been finally overcome. The interim dividend has been fixed at 19 cents, compared with 17 cents last year.

The report said the improved results were "entirely due to the performance of the conventional trading operations." Hypermarkets, however, "continue to fall short of expectations, but steps taken during the period under review to reduce the cost structure and promote sales more aggressively are expected to improve performance."

During the first six months to September 30 sales totalled R288.1m ($331.3m) compared with R249.5m in the same period of 1977, and earnings per share were 37.1 cents, against 32.9.

Last year's figures were adjusted for the disposal of the Rhodesian subsidiaries to make them strictly comparable.

The report says that the introduction of the general sales tax in South Africa last July had not apparently had a lasting effect on consumer spending, although the upturn in national retail sales remained "sluggish."

"Provided, therefore, that there is no change in the current consumer expenditure pattern during that period, it is anticipated that for the full year the group will achieve a level of earnings in excess of last year," the report says. The group traditionally earns the major part of its income in the latter half of the year.

Final dividends in recent years have been patchy, ranging from 55 cents to 58 cents, but the improved interim figures, following a good final half last year, suggest that they may have turned the corner. The historic yield is 6.7 per cent, with prospects therefore of an improved yield on the full year.

The shares price, at 820 cents, is standing close to its two-year high.

## Singapore newspaper gain

By H. F. Lee

SINGAPORE, Nov. 7.

REFLECTING the continued buoyant conditions enjoyed by the newspaper industry in Singapore, Sin Chew Jit Poh—the major Chinese medium newspaper publisher — has reported a 59 per cent upsurge in pre-tax operating profits to S$1.8m (U.S.$0.8m) for the half-year to June.

Post-tax profit for the interim period was 26 per cent higher, at S$1.09m.

# Gold Fields

## *Meeting world demand for essential raw materials*

Natural resources provide the raw materials on which our civilization depends. Finding, developing, processing and supplying many of the world's most important raw materials is the key role of the Gold Fields Group.

Consolidated Gold Fields is international and its main interests are construction materials, industrial operations and mining. Group companies operate in the United Kingdom, Europe, America, Africa, the Middle East and Australia; creating wealth and employment by developing resources to meet the needs of mankind.

**Construction materials:**
Gold Fields is a leading producer in the United Kingdom and growing fast overseas. Last year, for example, one of the biggest concrete pipe manufacturers in the United States joined the Group.

In addition to civil engineering contracts, motorway and airport construction, the product range includes quarried stone, sand and gravel, concrete pipes and building blocks, Premix ready mixed concrete, asphalt and macadam.

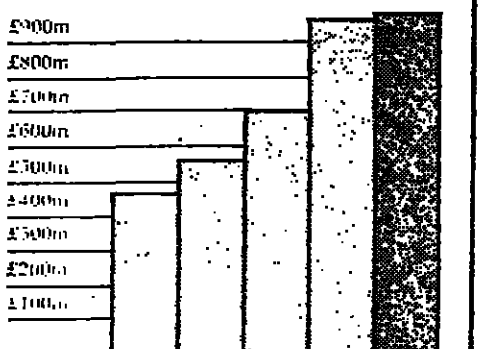
**Industrial and commercial operations:**
These include steel stockholding, distribution and production. Scrap metal processing. Aluminium engineering. Shipping and road transport. General trading and financial services.

**Mining:**
As a gold producer the Group is well known, but Gold Fields mines also provide a considerable number of other metals and minerals. These include coal, copper, iron ore, rutile, tin, titanium, uranium, zinc and zircon.

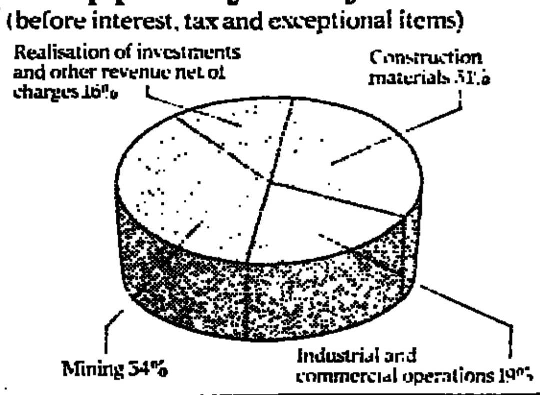
| Salient features of 1978 | 1978 £ million | 1977 £ million |
|---|---|---|
| **Profit before interest and taxation** | 87.5 | 52.2 |
| **Taxation** | 29.7 | 16.1 |
| **Net profit attributable to the members of Consolidated Gold Fields Limited** | 34.5 | 25.0 |
| Per Ordinary Share | 25.15p | 20.28p* |
| **Ordinary Dividend** | | |
| Cost to the Company | 13.5 | 9.9 |
| Per Share payable | 9.19p | 8.01p* |
| Gross equivalent including related tax credit | 13.72p | 12.14p* |
| **Assets Employed** | 596 | 488 |

*Adjusted in respect of the rights issue in November 1977.

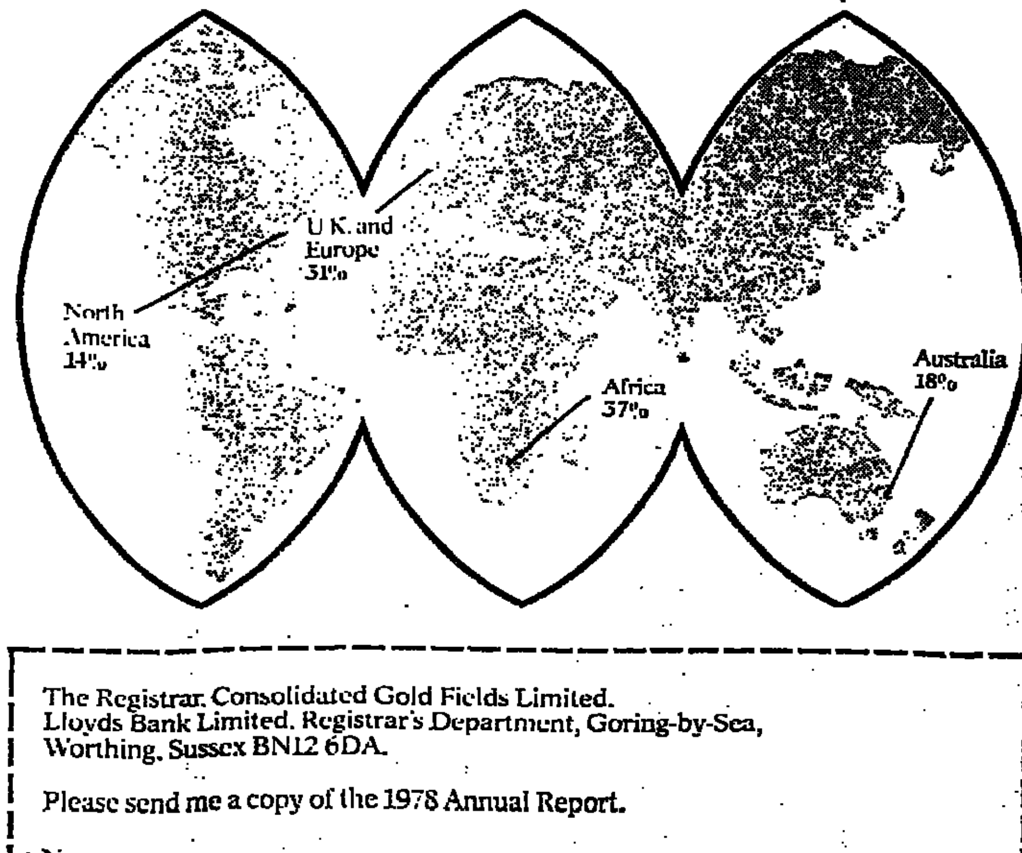
**5 Year Turnover**




**Group profit by activity**
(before interest, tax and exceptional items)




**Group profit by territory** (before interest, tax and exceptional items)




The Registrar, Consolidated Gold Fields Limited.
Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, Sussex BN12 6DA.

Please send me a copy of the 1978 Annual Report.

Name________________________

Address______________________

هكذا من الأصل

*Consolidated Gold Fields Limited*
49 Moorgate, London EC2R 6BQ.
International–Diverse–Resourceful

APPOINTMENTS

# Lloyds Bank group post

**Mr. C. J. Montgomery** has been appointed a director of LLOYDS BANK INTERNATIONAL. He is a director and a vice-chairman of Lloyds Bank and was chief general manager of Lloyds Bank from 1973 until his retirement in April this year.

★

**Mr. R. A. Stoodley**, chairman and managing director of Manor National Group Motors, has been appointed chairman and managing director of OLIVER RIX, a subsidiary.

★

**Mr. N. E. Foster**, a director of Barclays Bank UK management and a local director of its Lombard Street district, has been appointed a non-executive director of BARCLAYS MERCHANT BANK.

★

**Mr. Stanley Waring**, president of the Glass Manufacturers Federation, has been elected president of the COMITE PERMANENT DES INDUSTRIES DE VERRE DE LA EEC, the permanent liaison committee between the glass industries of the EEC countries and the European Commission in Brussels. He will take office in January 1979 and will serve for two years. Mr. Waring is deputy group managing director of Corning.

★

ARAB AFRICAN INTERNATIONAL BANK has appointed **Mr. Peter Hutton** as London representative in charge of its new office in Winchester House.

★

**Mr. Andrew Woods** and **Mr. Jonathan Lane** have been appointed to the Board of the STOCK CONVERSION AND INVESTMENT TRUST. Mr. Woods is general manager of Scottish Site Improvements, Glasgow, and Mr. Lane is a surveyor in the London Office.

★

**Mr. W. A. Gordon Muir** has joined the Board of WHATLINGS as a non-executive director. He is a partner in Murray and Muir.

★

**Mr. J. G. O'Neil** has been appointed joint managing director of GODSELL AND COMPANY, international money brokers.

★

**Mr. G. J. Suckling** has been appointed a director and chairman of ABWOOD MACHINE TOOLS. He was previously chairman and managing director of East Sussex Engineering Group prior to its acquisition by Aurora Holdings.

★

**Mr. John McMillen** has been appointed deputy managing director of FINNISH PAPER AND BOARD SERVICES. He has been operations' director of the company.

★

**Mr. Geoffrey Hopwood** has been appointed commercial director of HENDERSON DOORS. He was previously with the buildings division of Marley Buildings as product sales manager.

★

**Mr. Bill Rait** will be joining the MANCHESTER EVENING NEWS as deputy advertisement director. For the past seven years he has been advertisement manager of the Liverpool Daily Post and Echo.

★

**Mr. J. M. Barber** has resigned as finance director of SALVESEN OFFSHORE DRILLING, but retains his other commitments within the Christian Salvesen Group. **Mr. Ewan Brown** has joined the Salvesen Offshore Drilling Board. He is a director of Noble Grossart.

★

BIRMID QUALCAST (FOUNDRIES) states that **Mr. V. H. Burchell** has resigned as chief executive of Perry Barr Metal Company and is succeeded by **Mr. P. J. Boardman**. **Mr. R. N. Crutchley** has become financial controller of Birmid Qualcast (Foundries) and will, for the time being, retain his directorship of Midcyl. **Mr. D. C. Widden** has been appointed to the management Board of Midland Motor Cylinder Company.

★

**Mr. J. H. Mayfield**, controller of audit and investigations at the British Gas Corporation, is to become chief internal auditor at the headquarters of the BRITISH RAILWAYS BOARD in January.

★

**Mr. Edmund Morrison** has joined the Board of WALLACE BROTHERS COMMODITIES.

★

Further to the recent acquisition of the building supplies division of ELLIS AND EVERARD by Travis and Arnold, that in the early part of next year **Mr. A. N. Ellis**, at present managing director of Ellis and Everard (Building Supplies), Welland Fuels and a main Board director of Travis and Arnold, will be leaving the group for personal reasons.

★

**Mr. Michael V. Hutton** has joined the electronics and instruments division of BELL AND HOWELL as manufacturing director. He was previously with Thos. Mercer.

★

**Miss P. E. R. Cobbold** has been appointed managing director of CAMPBELL-JOHNSTON EXECUTIVE SECRETARIES.

★

**Mr. R. E. Bream** has been appointed managing director of M.M. DISTRIBUTION CONSULTANTS (OPERATIONS).

★

**Mr. J. M. Jackson** has been appointed to the Board of JAMES NEILL HOLDINGS as a non-executive director. He is a director of Oce-van der Grinten Finance, Hillards, and Britains.

★

**Mr. Graham Sinclair** and **Mr. Ian MacLellan** have joined the Board of CONTRACTORS' SERVICES GROUP, the plant hire division of SGB group. Mr. Sinclair becomes regional director, Scotland, and Mr. MacLellan, finance director. The appointments follow the recent merger of SGB Plant Hire with the CSG operation. Other appointments are, **Mr. Geoffrey Bayles**, managing director of SGB Export, to the Board of SGB Universal Builders Supply of the U.S. and **Mr. Tony O'Callaghan**, a director of the U.S. company, to the UK-based subsidiary, SGB Export.

★

**Mr. J. N. Wood** has joined the Boards of FINANCE FOR SHIPPING and SHIP MORTGAGE FINANCE COMPANY subsidiaries of Finance for Industry, as a non-executive director. He was formerly director general of the General Council of British Shipping.

★

**Mr. R. V. Houlton** has become deputy managing director of DREWRY AND EDWARDS and **Mr. B. Angell** joins the Board as financial director. **Mr. R. W. Edson** has also been appointed to the Board as sales director. The company is a subsidiary of Reliance Knitwear Group.

★

**Mr. Chris Medler** has been appointed finance director of McCORQUODALE BOOKS.

WORLD STOCK MARKETS

# Dow 16.6 weaker in moderate early trade

**INVESTMENT DOLLAR PREMIUM**

$2.60 to £1—77½% (77¼%)
Effective $1.9725 34½% (35%)

MONDAY'S RETREAT on Wall Street was sharply extended in moderate activity yesterday morning, as interest rate, inflation and energy worries continued to undermine the stock market.

The Dow Jones Industrial Average, down 8 points the previous day, fell 16.63 further to 798.25 at 1 pm. The NYSE All Common Index was 90 cents lower at $52.13, while declines commanded a substantial lead of nine-to-one over gains. Trading volume, dampened somewhat by some institutions being closed for the Election Day holiday, was a moderate 17.48m shares although above Monday's 1pm figure of 14m.

**Closing prices and market reports were not available for this edition.**

U.S. Energy Secretary Schlesinger said the cut in Iranian oil production would have a major impact on world oil supplies and prices if it continued into next year.

Treasury Under-Secretary Solomon stated that the 1979 current account deficit may be one-third of this year's, but the White House said the fight to hold the fiscal 1980 budget deficit to $30bn will be difficult.

Analysts commented that the late sell-off the previous day added to pressures on investors to pare margin accounts yesterday.

Investors were also disappointed with a cut in the year-end dividend by General Motors to $2.50 a share from the $3.25 paid at the end of 1977. Analysts said an increase had been expected, and added that the move indicated GM is less bullish on 1979 car sales than its previous estimates. GM, the second most active issue, felel 2¼ to $58¾. Ford Motor shed ¾ to $39¾ and Chrysler ¼ to $11, both in active trading.

The broad-based decline carried Computer, Aircraft, Drug, Petroleum, Oilfield Service, Aluminium, Steel, Copper and and Rail stocks lower, but Gold shares advanced on the higher Bullion price.

**Ralston Purina**, the volume leader, slipped ¼ to $11¼. A block of 100,000 shares changed hands at $12.

**Pan American Airways** eased $¼ to $7 in active trading, although its October passenger traffic rose 3 per cent. **Addressograph-Multigraph** receded by $1¾ to $20¾. It has agreed to take over Microdata by an exchange of shares. **Microdata** rose $2¼ to $16¼ bid in over-the-counter trading.

THE AMERICAN SE Market Value Index was 2.71 down at 141.77 at 1 pm after increased activity. Volume 2.15m shares (1.41m).

**Dome Petroleum** declined $3¼ to $61¼, **Amdahl** $1 to $42¾ and **Houston Oil** $¾ to $16¼, all in active trading.

Volume leader Yoews Warrants fell $1¾ to $11¾.

## Canada

Continuing to yield to downward pressure from New York, shares on Candian markets further weakened over a wide front earl yyesterday in moderate activity. The Toronto Composite Index receded 10.7 more to 1,213.1 at mid-day, while Oils and Gas fell 27.6 to 1,314.9, Metals and Minerals 15.2 to 1,061.2, Banks 1.45 to 292.56 and PJapers 1.34 to 141.08. A good exception, however, was the Golds sector, up 28.0 to 1,393.1 on index.

Noranda "A" shed ¾ to C$33¾. The company has cut its U.S. and Canadian copper prices. **Canadian Homestead Oil** lost ¾ to C$8¼ on flat nine-month earnings.

## Switzerland

The recent rallying movement was sharply extended yesterday across a broad front in a large business, leaving the Swiss Bank Corporation Industrials index 6.2 higher at 278.2.

One dealer said that there was a flood of orders, especlally for prime shares of multi-nationals and Pharmaceuticals, following rumours that the Swiss authorities were about to lift restrictions on Swiss franc investments by non-resident foreigners. Under current rules, foreigners cannot add to their Swiss-franc investments through the stock market. A National Bank spokesman, however, dismissed the rumours as "absolute nonsense."

Among Industrials, **Alusuisse Bearer** rose 60 to SwFr 1,075 and **Brown Boveri "A"** 35 to SwFr 1,570.

**Nestle Bearer**, among multinationals, were up 55 at SwFr 3,150, while in the Pharmaceuticals sector, **Sandoz Bearer** advanced 200 to SwFr 3,300 and **Ciba-Geigy Bearer** 45 to SwFr 1,020.

Foreign issues, however, mostly closed lower after active trading.

In a firmer Bond market, both Domestic and Foreign issues met good demand.

## Tokyo

Market finished with a mixed appearance following a fairly active trade, although the Nikkei-Dow Jones Average recorded a fresh gain of 7.76 at 5,943.93. Volume expanded to 360m shares (290m).

Public Works issues, including Constructions and Electric Cables were in good form, while shares with anticipated good earning prospects also found favour.

Steels were generally higher on reports that China has agreed to buy about 2.5m tonnes of steel from Japan in the first half of next year. Record half-year profits from **Shionogi Pharmaceutical** gave fresh impetus to Pharmaceutical shares.

Fats and Oils, Foods, Paper-Pulps and Printings, however, turned lower on profit-taking, while Real Estates, Electricals and Vehicles also mainly reacted.

**Hitachi** put on Y7 to Y234, **Citizen Watch** Y14 to Y448, **Kaken Chemical** Y80 to Y2,500, **Nippon Kinzoku** Y80 to Y511, **Yokogawa Bridge Works** Y30 to Y1,890, **Tokai Electrical Installation** Y48 to Y558, **Hisamitsu Pharmaceutical** Y40 to Y1,050 and **Fujikura Cable Works** Y35 to Y332.

In contrast, **Sony** declined Y40 to Y1,470, **Pioneer Electronic** Y70 to Y1,560, **Kokusai Denshin Denwa** Y90 to Y4,500, **Kokuyo** Y30 to Y1,400 and **Casio** Y24 to Y920.

## Germany

After relinquishing further ground, stocks rallied on an inflow of buying orders, mainly from domestic institutional investors and Swiss buyers, to close mixed on balance.

**Deutsche Bank** gained DM 2.60, **Daimler-Benz** DM 1.50, **Volkswagen** DM 2.30 and **Siemens** DM 2.20, but **Linde** were DM 3 down, **Allianze Versicherung** DM 7 off and **Harpener** DM 2.50 lower.

Bavarian Banks recovered some of their recent losses, with **Bayerische Vereinsbank** adding DM 5.50.

Public Authority Bonds showed fresh losses mostly limited to 45 pfennigs, but isolated falls of 65 pfennigs occurred. The Regulating Authorities bought DM 11.7m nominal of paper, against DM 10.3m purchases on Monday. Mark Foreign Loans were also easier.

## Paris

Bourse prices were again mixed with an easier bias after a light business.

Portfolios, Mechanicals, Hotels and Oils were mainly higher, but Foods, Constructions, Metals and Publishing issues generally eased.

Weaker issues included **L'Oreal, Legrand, Thomson-Brandt, Saupiquet, Auxiliare D'Entreprises** and **Arjomari**, but significantly higher were **La Henin, Pernod-Ricard, Kleber, Saunier-Duval, Ericsson, Elf-Aquitaine** and **Jean Lefebvre**.

## Hong Kong

A further decline in stock prices occurred yesterday, with heavy late selling on expectations of a rise in Prime Lending Rate driving the market sharply lower. The Hang Seng index finished 19.86 weaker at 628.76.

Among the leaders, **Hong Kong Bank** fell 70 cents to HK$19.10, **Hong Kong Land** 10 cents to HK$11.40, **Hutchison Whampoa** 20 cents to HK$6.05, **Jardine Matheson** 70 cents to HK$16.00, **Swire Pacific** 35 cents to HK$9.50 and **Wheelock Marden** 17.5 cents to HK$3.425.

Elsewhere, **Hong Kong Wharf** lost HK$1.25 to HK$34.50, **Hong Kong Telephone** HK$1.50 to HK$33.50, **Hang Seng Bank** HK$1 to HK$196, **Cheung Kong** 60 cents to HK$12.80 and **Swire Property** 17.5 cents to HK$3.825.

## Johannesburg

Golds rebounded sharply in response to a rise in the Bullion price, with gains extending to R215 being registered in heavyweights.

**De Beers** rose 12 cents to R7.70 on U.S. interest, while Platinums and Mining Financials followed Golds higher. **Rustenburg Platinum** moved ahead 13 cents to R2.05.

Industrials, however, were hesitant over uncertainty about the Iranian oil supply situation, closing with a softer bias after a thin trade. **OK Bazaars** were bid 10 cents lower at R8.10 after interim results.

## Australia

Shares developed a downward tendency on the Sydney SE yesterday in further quiet trading, while the Melbourne stock market was closed for a local holiday.

After Monday's strength on the signing of the Ranger uranium agreement and the more promising outlook for the Narbarlek prospect, Uraniums lost part of their rise yesterday, with **Peko-Wallsend** reacting 10 cents to A$5.96 and its Ranger partner **EZ Industries** 5 cents to A$3.15. **Queensland Mines** came back 17 cents to A$3.38 and its parent, **Kathleen Investments**, 10 cents to A$2.60, while **Pancontinental** finished 90 cents down at A$11.10.

**CRA** shed 5 cents to A$3.38 as investors continued to take a cautious line on Monday's quarterly progress report on the Ashton diamond venture.

Base Metals drifted down through lack of interest, as did oils. **MIM** receded 9 cents to A$2.35 and **North Broken Holdings** 5 cents to A$1.30, but **Western Mining** hardened 2 cents to A$1.72.

Industrial leader **BHP** eased 2 cents to A$8.34, while **ICI Australia** declined 6 cents to A$3.15.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
þ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≤ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

## Indices

**NEW YORK**—DOW JONES

| | Nov. 6 | Nov. 3 | Nov. 2 | Nov. 1 | Oct. 31 | Oct. 30 | 1978 High | 1978 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 814.88 | 823.11 | 818.86 | 827.79 | 792.45 | 811.85 | 907.74 (8/9) | 742.12 (28/2) | 1051.70 (11/1/73) | [illegible] |
| H'me B'nds | 86.44 | 86.55 | 88.62 | 86.87 | 86.79 | 88.89 | 90.86 (4/1) | 88.57 (3/11) | — | — |
| Transport | 215.04 | 219.84 | 215.04 | 219.06 | 208.71 | 215.04 | 267.48 (6/9) | 199.31 (9/1) | 279.88 (7/2/69) | [illegible] |
| Utilities | 98.51 | 99.51 | 98.48 | 98.58 | 97.55 | 98.07 | 110.98 (3/1) | 97.53 (31/10) | 165.32 (20/4/69) | [illegible] |
| Trading vol. 000's | 29,590 | 26,670 | 41,050 | 50,460 | 42,880 | 53,460 | — | — | — | — |

— Basis of index changed from Aug. 24

| | Nov. 3 | Oct. 27 | Oct. 20 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 5.77 | 5.89 | 5.67 | 5.87 |

**STANDARD AND POORS**

| | Nov. 6 | Nov. 3 | Nov. 2 | Nov. 1 | Oct. 31 | Oct. 30 | 1978 High | 1978 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 105.81 | 107.06 | 106.56 | 107.78 | 103.42 | 106.61 | 118.71 (12/9) | 95.52 (6/3) | 134.64 (11/1/73) | [illegible] |
| Composite | 96.18 | 96.18 | 95.51 | 96.85 | 93.15 | 95.06 | 106.98 (12/9) | 86.90 (6/3) | 125.85 (11/1/73) | [illegible] |

NEW YORK; N.Y.S.E. ALL COMMON; MONTREAL; TORONTO; JOHANNESBURG; MONDAY'S ACTIVE STOCKS; GERMANY; TOKYO; AUSTRALIA; OSLO; BRAZIL; JOHANNESBURG; AMSTERDAM; BRUSSELS/LUXEMBOURG; PARIS; SWITZERLAND; COPENHAGEN; VIENNA; MILAN; STOCKHOLM; SPAIN; CANADA; EUROPEAN OPTIONS EXCHANGE

[illegible]

## BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 11½% |
| Allied Irish Banks Ltd. | 11½% |
| American Express Bk. | 10 % |
| Amro Bank | 11½% |
| A P Bank Ltd. | 11½% |
| Henry Ansbacher | 11½% |
| Associates Cap. Corp. | 11½% |
| Banco de Bilbao | 11½% |
| Bank of Credit & Cmce. | 11½% |
| Bank of Cyprus | 11½% |
| Bank of N.S.W. | 11½% |
| Banque Belge Ltd. | 11½% |
| Banque du Rhone | 12 % |
| Barclays Bank | 11½% |
| Barnett Christie Ltd. | 12½% |
| Bremar Holdings Ltd. | 12½% |
| Brit. Bank of Mid. East | 11½% |
| ■ Brown Shipley | 11½% |
| Canada Perm't Trust | 11½% |
| Cayzer Ltd. | 11½% |
| Cedar Holdings | 11½% |
| ■ Charterhouse Japhet | 11½% |
| Choulartons | 11½% |
| C. E. Coates | 11½% |
| Consolidated Credits | 10 % |
| Co-operative Bank | *11½% |
| Corinthian Securities | 11½% |
| Credit Lyonnais | 11½% |
| Duncan Lawrie | 11½% |
| The Cyprus Popular Bk. | 11½% |
| Eagil Trust | 11½% |
| English Transcont. | 11 % |
| First Nat. Fin. Corp. | 12 % |
| First Nat. Secs. Ltd. | 12 % |
| ■ Antony Gibbs | 11½% |
| Greyhound Guaranty | 11½% |
| Grindlays Bank | ‡11½% |
| ■ Guinness Mahon | 11½% |
| ■ Hambros Bank | 11½% |
| ■ Hill Samuel | §11½% |
| C. Hoare & Co. | †11½% |
| Julian S. Hodge | 12½% |
| Hongkong & Shanghai | 11½% |
| Industrial Bk. of Scot. | 10 % |
| Keyser Ullmann | 11½% |
| Knowsley & Co. Ltd. | 12 % |
| Lloyds Bank | 11½% |
| London Mercantile | 11½% |
| Edward Manson & Co. | 12½% |
| Midland Bank | 11½% |
| ■ Samuel Montagu | 11½% |
| ■ Morgan Grenfell | 11½% |
| National Westminster | 11½% |
| Norwich General Trust | 11½% |
| P. S. Refson & Co. | 11½% |
| Rossminster | 11½% |
| Royal Bk. Canada Trust | 11½% |
| Schlesinger Limited | 11½% |
| E. S. Schwab | 12½% |
| Security Trust Co. Ltd. | 12½% |
| Shenley Trust | 11 % |
| Standard Chartered | 11½% |
| Trade Dev. Bank | 11½% |
| Trustee Savings Bank | 11½% |
| Twentieth Century Bk. | 12½% |
| United Bank of Kuwait | 11½% |
| Whiteaway Laidlaw | 12 % |
| Williams & Glyn's | 11½% |
| Yorkshire Bank | 11½% |

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month deposits 9¼%.
† 7-day deposits on sums of £10,000 and under 9%, up to £25,000 9¼%, and over £25,000 9½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9%.

# FARMING AND RAW MATERIALS

## Whitehall may aid meat industry restructuring

BY RICHARD MOONEY

BRITAIN'S MEAT processers can expect a sympathetic hearing from the Government if they decide to seek investment aid for restructuring their industry, Mr. John Silkin, Minister of Agriculture, said in London yesterday.

Mr. Silkin told the annual lunch of the Bacon and Meat Manufacturers' Association that it was for them to decide what structural changes were needed in the industry. "Where the Government can help is to look sympathetically at the industry's case for assistance," he said.

The Minister added that the Government would be prepared to explore the scope for EEC help towards the cost of implementing a re-structuring plan.

Under the Industry Act government grants would be available provided a strong case was made on an industry-wide basis. Such grants are already being used to help bring UK slaughterhouses up to EEC standards and to aid modernisation in the poultry sector.

If the Government agreed to provide funds to help re-structuring of the meat processing industry further financial aid might be available from the EEC Farm Fund (FEOGA). This could bring the aid total up to 50 per cent.

However, some of Mr. Silkin's hearers later expressed doubts about the industry's ability to provide its own 50 per cent share of the restructuring bill. Mr. Bill Newton-Clare, the Association's chairman, said meat processors would not feel like investing while still facing "unfair competition" from other EEC countries.

He was referring to the EEC monetary compensatory amounts (MCAs) system which was criticised in a "Little Neddy" report published yesterday for putting UK manufacturers at an "unfair" disadvantage.

But Mr. Silkin also had some

### Hope

hope to offer on this question. He said he had lodged a case with the EEC Commission for the reduction of certain of the co-efficients used to calculate MCAs applied to pigmeat products such as bacon and canned ham. "There are at last signs that we shall see a response soon," he said.

The Minister agreed with the "Little Neddy" report that the removal of obstacles placed in the industry's way by the EEC's agricultural policy would not solve all its problems. "To achieve its potential the industry itself must strengthen its productive base and improve its marketing," he said.

Mr. Newton-Clare also welcomed the report which he said was "crucial" to the industry's future. "Upon this report our case rests," he said.

He noted its revelations that the industry had made no cumulative profit during the past four years and that very serious underinvestment was commonplace. This was not confined to the bacon and ham sector.

"The decline of our meat canning industry is a national scandal — the enormous UK market for canned hams, pork luncheon meat, chopped ham and so on is almost entirely in the hands of the foreigner."

## Farmland prices still rising

By Our Commodities Editor

FARMLAND PRICES in England are continuing to rise strongly, according to the latest figures issued yesterday by the Ministry of Agriculture.

The average price of farmland, with vacant possession, rose to £3,272 a hectare (2.47 acres) during the third quarter of the year. This is nearly £800 up on the figure at the end of September last year.

The latest figure is based on information from 366 sales of more than five hectares and totalling 16,400 hectares, compiled by the Agricultural Development and Advisory Service and the Agricultural Mortgage Corporation.

Farmland prices have risen steadily for the past 18 months; the last decline was in the spring of 1977 when the average fell briefly below £1,800.

A weighted index, to allow for regional and area size-group composition of the reported sales, has risen from 97 in February 1977 to the latest level of 167 (1973=100). Sales of land for development or forestry, gifts, inheritances and compulsory purchases are excluded.

## Ghana fears boost cocoa

By Our Commodities Staff

COCOA PRICES advanced on the London terminal market yesterday following news of emergency measures in Ghana to combat recent industrial unrest.

The March position gained £36.25 to close at £2,037.75 a tonne. Most months were at life-of-contract highs, following the recent upward trend in the market.

Rumours of problems in Ghana, triggered by communication difficulties between London and Accra, influenced the market throughout the day, before being confirmed not long before trading ceased.

It was also pointed out that Ghana cocoa purchase figures have not been issued on a weekly basis recently. The last declaration only covered up to October 26—the first three weeks of the main crop season.

## BIGGER SENEGAL GROUNDNUT CROP

DAKAR, Nov. 7.

Senegal groundnut production in 1978-79 is expected to reach 1m tonnes from a planted area of 970,000 hectares. This compares with 700,000 tonnes the previous year grown on 1,078,739 hectares.

Reuter

## Import threat to UK beef production

BY SARA DAVIES

STRONG CRITICISM of the Green Pound and monetary compensation amounts (MCA) was made at the sixth national meat conference of the Meat and Livestock Commission at Maidenhead yesterday.

Mr. Philip Butcher, co-ordinating director for agricultural commodities of the National Farmers' Union, attributed the decline in the beef herd and the projected 1m head imports of fresh beef and live cattle this year to the EEC Green Pound and MCA system.

"Over the past two years a new method of keeping us at arm's length from the Common Market has been discovered and currently any other member state can drop surplus beef in the UK market with a monetary 'restitution' from 15p per kilo to 48p at carcase rates, depending on source.

"How mad can we get when Irish beef exporters are refunded ... a kilo to compensate for the depreciation of a currency which Ireland shares with the UK?" he asked.

The effect of lower support prices in the UK than elsewhere in the EEC and in particular of the huge MCAs, was to shift beef production out of the UK into the other member states, he said.

The effect of this shift had been partially concealed in slaughter figures by a rise in live ... Republic, totalling over 0.3m last year and 25 per cent higher in the first seven months of 1978.

"We expect total UK beef production to be about 1.06m tonnes this year and perhaps 0.99m tonnes next year."

The decline in beef suckler cows must stop, Mr. Butcher warned. Given the right political decisions, UK farmers could raise annual beef production by almost 0.4m head—an increase of 15 per cent.

There was, he said, a direct parallel between beef and pigmeat, where the UK was still sheltered from imports of fresh pigmeat from most other countries by animal health controls.

Mr. Edward Bishop, Minister of State for Agriculture, Fisheries and Food, said the Government was alive to the implications of MCAs on beef for the beef market and for the slaughtering and processing industries.

## EEC sugar subsidies to be investigated

GENEVA, Nov. 7.

A PANEL of three appointed by the council of the General Agreement on Tariffs and Trade (GATT) will examine a charge by Australia that EEC sugar export subsidies are excessive, reports AP-Dow Jones.

Australia claims the subsidies give the Community more than its fair share of the world market and that they are incompatible with world trade rules.

The council's decision came at a meeting here after Australia reported that bilateral talks between it and the EEC failed to produce a solution. At its last meeting on October 18, the GATT council had asked the two sides to begin consultations immediately with a view to resolving the dispute.

At that time, Mr. Colin Teese, Australia's ambassador, had told the GATT council that in 1978 EEC exports of subsidised sugar would account for at least 22 per cent of the world's free market sales, or double the share in 1976. He said that EEC sugar subsidies were estimated at $830m this year, compared with $414m in 1977.

NEW ZEALAND FISHING

## Far from plain sailing

BY CHRISTOPHER PARKES, RECENTLY IN WELLINGTON

IN THE early years of this decade the world's major fishing nations gave barely a thought to the vast seas of Oceania—the 1.37m square miles of water which now constitute New Zealand's 200-mile zone.

The fishery yielded less than 100,000 tonnes a year then and the domestic fleet seldom worked far from the inshore grounds where skippers could fish in safety and relative comfort for prized table fish such as snapper, and dredge for high-value shellfish such as scallops and oysters.

Visitors came, mainly in pursuit of tuna which range freely over vast distances. The Japanese also came in search of squid. But few stayed for long. Research was rudimentary and the fish reserves and economic potential remained a mystery.

But world maritime policies were already changing and as the move to 200-mile exclusive economic zones gathered momentum the one-time predatory passers-by began to linger and visit more frequently.

More trawlers came and during 1976—the year before New Zealand formally claimed a 200-mile zone—foreign fishing boats captured an estimated 400,000 tonnes of fish in the area.

The Japanese, Russian and Koreans were especially active, building up their catches in the knowledge that "historic rights" would play a large part in determining any quotas they might negotiate in the future with the New Zealand Government.

Responsibility for such a huge area of water has brought many problems and difficult negotiations with overseas administrations have not produced entirely happy results.

Mr. Robert Muldoon, the New Zealand Prime Minister, recently claimed a successful conclusion to a protracted and sour series of talks with Japan. But while 16 trawlers and a flock of squid boats in the Japanese fleet are to be given licences guaranteeing them access to New Zealand's fishery, Tokyo has still to reciprocate.

Under the so-called agreement, which comes up for review next March, Japanese boats will be licensed this year to take 98,000 tonnes of fin fish and squid and a further 7,000 tonnes of tuna from New Zealand waters.

In return, according to Mr. Jim Bolger, Fisheries Minister, Wellington is hoping for better access to Japan for its beef exports, an increase in the tonnage of dairy produce bought by the Japanese and reductions in the tariffs imposed on exports of fish caught by New Zealand vessels.

Japan is also under pressure to allow in timber from New Zealand. The Japanese refuse access now because they say New Zealand's main export wood — *pinus radiata* — is unsuitable for building, an odd objection, since almost all New Zealand houses are built with pine.

Wellington has a similar deal with the USSR, although the case for reciprocity was pursued with less vigour since the balance of trade between the USSR and New Zealand had been overwhelmingly in the latter's favour. Last year New Zealand imported about $NZ25m worth (£13.4m) of goods from the Soviet Union and exported about $NZ144m worth.

Much of this was earned from sales of beef. Ironically, the performance has not been repeated this year. So far in 1978 the USSR has not imported any meat at all from New Zealand.

South Korea has fishing access, too, and while much has been made of the talks and settlement, New Zealand can hope for only modest short-term gains—mainly from the fees overseas skippers are charged for fishing licences.

Officials are plainly disappointed that more did not come of the Japanese deal. But the Japanese catch in New Zealand waters of a fraction over 100,000 tonnes, while amounting to a quarter of the whole New Zealand allowable catch, represents only a tiny fraction of the 10m tonnes of fish consumed in Japan each year. In these circumstances, major import policy moves were never really likely.

The Japanese also have a firm land-based presence in New Zealand's own fishing industry. Sealord, for example, a flourishing enterprise in Nelson, South Island, which catches, cans, processes and exports a wide range of local fish is 24 per cent Japanese-owned.

Joint ventures between overseas companies and New Zealand ones are actively encouraged by the Government. The West Germans, for example, have a 3,500-tonne super-trawler on the way to Nelson to undertake a one-year commercial fishing trial. During the test year the fish taken will be processed on board and taken back for sale in Europe.

Also interested in joint ventures are the Poles, the Yugoslavs, Spanish and East German fleets. Nothing had been settled, Mr. Bolger said, but two or three of the offers would be "very carefully considered."

Joint ventures provide the infant industry here with a marketing arm for its unusual and sometimes unique species of table fish. Such marketing enterprise as is evident appears to have been generated largely from behind a desk.

A French importer buying significant quantities of scallops and monkfish, for example, had to seek out his sources personally. A small market has also been found in Britain's West Indian community for exports of trevally, a meaty tuna-like fish. Hoki, a form of hake, is selling well in the U.S., and Dubai buys fish fingers from here.

Mr. Charles Hufflet, managing director of Sealord, aims to raise his plant's throughput of fish from 15,000 tonnes to 25,000 tonnes a year. As the industry grows he is eager to develop the necessary infrastructure to keep it in good health.

Mr. Nick Jarman, general manager of the Fishing Industry Board, is concerned about the uncertainty of finding new markets for the country's little known fish, the cost of freighting the catch across the world to the best-paying markets, and the fierce competition from the low labour cost countries in the South Pacific zone.

Other difficulties include a falling catch rate in some prime grounds. Conservation measures are already in force and while the home fleet used to live well from catches of high-value species, exploitation of these fish cannot be pushed any further. Mr. Jarman says boats are forced to go to grounds which yield heavy catches of low-value species.

In spite of the worries and the fragility of the new industry the businessmen involved are hopeful.

## Ertl champions Common farm policy

BY JOHN CHERRINGTON AND MARGARET VAN HATTEM

BONN, Nov. 7

IN A spirited defence of what some would call the indefensible, Herr Josef Ertl, West German Minister of Agriculture, explained today to a party of visiting British journalists how his country's policies maintained a proper social balance between rural and industrial development.

Almost any price, he indicated, should be paid to support these policies which, in his view, guaranteed social stability.

Asked whether this was not, perhaps, a matter of national responsibility, Herr Ertl pointed out that the problem was common to other EEC members such as France and Italy. Really, the British were the odd men out.

He defended German farm prices, which are the highest in Europe and about 40 per cent higher than those in Britain, by saying they had kept out Communism which was rampant in the poorer agricultural areas of France and Italy.

Pressed for his suggestions on how to dispose of EEC surpluses such as milk powder, butter and sugar, he maintained that in terms of the Community's position as a net importer of food, they were not a major problem. In fact, they were a sensible precaution against future shortages, he said.

In any case, part of the trouble of over-production was caused by the Community's open flank which allowed in cheap imports of soya and cereal substitutes like manioc, and encouraged milk production.

Was he then in favour of stopping this breach in the Community's defences? He wasn't.

What, he was asked, about the Community's subsidised food exports about which some countries complain? Of little account. This should, he said, be solved in GATT where the world could be carved up into appropriate markets for the various producers.

"In GATT, we must see to it that Australia and New Zealand find markets in their own region—Indonesia, Hong Kong and Japan. Europe and the U.S. can share Africa and South America."

Herr Ertl had little to say about the EEC Commission's proposals for dealing with imbalances in the milk market, except to make it clear that the Council of Ministers would be far too busy talking about Mediterranean agriculture and Greece's application for EEC membership, to discuss milk during the remaining two months of the German presidency.

He did favour some restrictions on milk production—as long as they did not hurt the farmer, the EEC farmer.

German farmers might agree to skim milk powder being returned to the farm at certain times of the year. And Germany no lonuger gave financial aid to dairying—well, not where there were alternative forms of production.

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Lower in subdued trading on London Metal Exchange. Modest selling and lack of interest saw forward metal ease from £780 to £776 on the market but covering against physical business prompted a recovery to around ... on the morning kerb. In the afternoon a downturn in sterling pushed forward metal back up to around £782 on the late kerb. Turnover 9,880 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £758, three months £777.5, 78, 78.5, 79. Cathodes, cash £748.5, three months £767. Kerb: Wirebars, three months £778.5, 79. Afternoon: Wirebars, three months £778.5, 79, 80. Kerb: Wirebars, three months £780, 80.5, 81, 82, 82.5, 83, 82.5.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 757.5-8.5 | -5.75 | 758.5-9.5 | -4.75 |
| 3 months | 778.5-9 | -4 | 779.5-80 | -4.5 |
| Settlem't | 758.5 | -5.5 | — | ...... |
| Cathodes | | | | |
| Cash | 746-.5 | -3.25 | 746.5-7.5 | -3.75 |
| 3 months | 767-.5 | -3.25 | 767.5-8 | -3.5 |
| Settlem't | 746.5 | -4.5 | — | ...... |
| U.S. Smt. | 680 | [illegible] | *72 | ...... |

TIN—Easier. A fall in the Penang price coupled with the absence of physical demand prompted some nervous bull liquidation initially with forward standard metal falling back to £7,650 on the pre-market. However, buying of nearby dates widened the backwardation to £200 momentarily and lifted forward material to £7,700. In the rings heavy hedge selling depressed the price to £7,630 and the market traded around this level for most of the afternoon prior to a close on the late kerb of £7,650. Turnover 2,405 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7900-10 | -90 | 7790-800 | -130 |
| 3 months | 7705-20 | -100 | 7640-60 | -125 |
| Settlem't | 7910 | -90 | — | ...... |
| Standard | | | | |
| Cash | 7885-90 | -107 | 7790-800 | -130 |
| 3 months | 7685-90 | -87.5 | 7625-35 | -122 |
| Settlem't | 7890 | -110 | — | ...... |
| Straits E. | $1,868 | -17 | — | ...... |
| New York | — | ...... | — | ...... |

Morning: Standard, cash £7,890, three months £7,680, 85, 90, 7,700, 7,690, 7,700, 05, 7,700, 7,695, 90, 85. Kerb: Standard, three months £7,665, 60. Afternoon: Standard, three months £7,680, 70, 65, 55, 50, 45, 40, 35, 40, 30. Kerb: Standard, three months £7,645, 50.

LEAD—Lost ground reflecting the general trend in other base-metals. Forward metal opened lower at £418 and eased back to £415.5 in the afternoon prior to recovering to close on the late kerb at £417.5. Turnover 6,550 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 432.5-3.5 | -2.75 | 428.5-9 | -7.25 |
| 3 months | 417.5-8 | -3.5 | 415.5-6 | -5.25 |
| Sett'ment | 433.5 | -2.5 | — | ...... |
| U.S. Spot | — | ...... | *36.36 | ...... |

Morning: Cash £433, 32, 34, 33.5, 33, three months £418, 18.5, 18, 17.5. Kerb: Three months £417.5, 17. Afternoon: Cash £429, mid-Nov. £428, three months £416, 15.5, 15, 15.5. Kerb: Early-Nov. £430, three months £416, 16.5, 17, 17.5.

ZINC—Marginally easier and quiet. Forward metal opened at £367 and thereafter edged up to close at £369.3 on the late kerb. Turnover 2,375 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 356-.5 | -2.75 | 355-.5 | -1.5 |
| 3 months | 368-.5 | -1 | 367.5-8 | -1 |
| S'ment | 356.5 | -3 | — | ...... |
| Prim. west | — | ...... | *53.5-4.5 | ...... |

Morning: Three months £368, 67.5, 68. Afternoon: Cash £355.5, three months £367.5, 67, 67.5. Kerb: Three months [illegible]

[illegible]

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## ART GALLERIES

NEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. DUTCH AND FLEMISH PICTURES FROM SCOTTISH COLLECTIONS. A Loan Exhibition in aid of the National Trust for Scotland. Until 8 December. Entrance fee 80p. ... FRAGONARD DRAWINGS for Orlando Furioso. Until 15 December. Mon.-Fri. 9.30-5.30; Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W.1. ANTHONY EYTON. Recent Paintings and Drawings.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. MAXWELL ARMFIELD.

... NEAUX GALLERY of Wimbledon presents an exhibition of new paintings by PETER NEWCOMBE from Oct. 24 to Nov. 18 at the Alpine Gallery, 74, Audley Street, London, W.1. 10.30 to 5.30 daily (except Sats. & Suns.). Late opening to 8 pm each Tues. Tel.: 629 ...

GOLDSMITH'S HALL, Foster Lane, E.C.2. "TOUCHING GOLD AND SILVER." 500 years of Hallmarks. Until Nov. 30th. [illegible]

[illegible]

ST. PAUL'S GALLERY, 5 Ave Maria Lane, E.C.4 (off Ludgate Hill). 01-248 5359. Oil and Watercolour Paintings, Sculpture, Framed and Unframed Fine Art Reproductions including Signed Limited Edition Prints. Open 9.00-5.00 Mon.-Fri.

LANE STREET GALLERY. Recent Sculptures by ALEXANDER in Stone, Marble, Bronze and Silver. 18th Oct.-30th Nov., Mon.-Fri., 10-5.30. Sat. 10-2.

JOAN SWALE'S SALOME. Fieldbourne Galleries, 63, Queen's Grove, N.W.8. 586 3600.

THACKERAY GALLERY, 18 Thackeray St., Kensington Sq., W.8. 01-937 5883. JACQUES KUPFERMANN. Until 24 Nov.

## COMPANY NOTICES

EUROPEAN COAL AND STEEL COMMUNITY
7% Fifteen Year Bonds of 1973 due 15th January, 1988

The Commission of the European Communities announces that the first annual instalment of bonds amounting to U.S.$1,000,000 has been purchased for redemption on 15th January, 1979.
8th November, 1978.

LINREAD LIMITED

NOTICE IS HEREBY GIVEN that the Share TRANSFER BOOKS of the company will be closed from Saturday 25 November to Monday 11 December 1978, both dates inclusive, for the preparation of dividend warrants.
By Order of the Board
K. J. MORRIS, Secretary.

THE ROYAL BANK OF SCOTLAND LIMITED

[illegible]

## CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows, 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT". 11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.



## COCOA

Nervousness about the current situation in Ghana led to shortcovering and renewed commission house buying, reports Gill and Duffus.

[illegible]

## COFFEE

[illegible]

## SILVER

[illegible]

## JUTE

[illegible]

## GRAINS

[illegible]

## SOYABEAN MEAL

[illegible]

## RUBBER

[illegible]

## SUGAR

[illegible]

## WOOL FUTURES

[illegible]

## Peru copper record hope

LIMA, Nov. 7.

SOUTHERN PERU Copper Corporation hopes to produce a record 300,000 tonnes of copper concentrate this year, Mr. Frank Archibald, chairman, said.

He said Southern's two major mines, Cuajone and Toquepala, would reach this figure provided they were not hit by further strikes.

Their joint output last year was about 292,000 tonnes, with Toquepala producing 182,000 tonnes and Cuajone 110,000.

Reuter

## MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on November 7. GB—Cattle 67.61p per kg.l.w. (+0.35). UK—Sheep 13...p per kg.est.d.c.w. (−0.2). GB—Pigs 62.5p per kg.l.w. (−2.9). England and Wales— [illegible]

## PRICE CHANGES

Price in tonnes unless otherwise stated

[illegible]

## INDICES

FINANCIAL TIMES

REUTERS

DOW JONES

MOODY'S

[illegible]

## U.S. Markets

## Platinum and copper end lower

NEW YORK, Nov. 6.

SILVER advanced slightly but platinum and gold were lower. Copper also retreated. Wheat and maize ended weaker as did Soyabeans. Cotton was firmer. Coffee was lower but Cocoa held steady, our staff reports.

Cocoa—Dec. 172.55 (172.75), March 172.15 (172.00), May 171.55, July 170.50, Sept. 169.80, Dec. 166.05. Sales: 302.

Coffee—"C" Contract: Dec. 150.00-150.75 (151.50), March 140.75-150.00 (141.75), May 136.50, July 131.50-134.00, Sept. 131.75-132.00, Dec. 129.99-130.00, March 127.00-130.00. Sales: 315.

Copper—Nov. 67.65 (69.20), Dec. 68.20 (69.70), Jan. 68.50, March 70.20, May 71.40, July 72.45, Sept. 73.40, Dec. 74.30, Jan. 74.95, March 75.70, May 76.50, July 77.30, Sept. 78.10. Sales: 5,300.

Cotton—No. 2: Dec. 69.50-69.90 (69.65), March 72.75-72.92 (72.67), May 74.20, July 74.55-74.60, Oct. 69.00, Dec. 68.50, March 67.05-68.00. Sales: 7,350.

*Gold—Nov. 212.30 (214.00), Dec. 212.20 (215.90), Jan. 214.90, Feb. 217.10, April 221.00, June 225.40, Aug. 229.50, Oct. 233.80, Dec. 238.50, Feb. 242.50, April 247.20, June 251.90, Aug. 256.30. Sales: 29,000.

†Lard—Chicago loose not available. NY prime steam 26.87 traded 26.62 nom.

‡‡Maize—Dec. 231-231 (234), March [illegible]

[illegible]

STOCK EXCHANGE REPORT

# Pay and labour pressures accelerate fall in equities

## Gilts also easier as concern mounts over interest rates

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Oct. 16 | Oct. 26 | Oct. 27 | Nov. 7 |
| Oct. 30 | Nov. 9 | Nov. 10 | Nov. 21 |
| Nov. 13 | Nov. 23 | Nov. 24 | Dec. 5 |

* "New time" dealings may take place from 9.30 am two business days earlier.

In the absence of any follow-through to Monday's technical recovery, equity markets yesterday soon began to question the validity of that day's upturn. Fairly quickly, it became obvious that only the covering of short commitments had given the movement substance and, with the positions now closed, the realisation signalled a return of the easier trend apparent throughout last week.

Wages and labour pressures continued to keep institutional investors out of the market and selling later of selected industrial leaders was attributed to public holders becoming concerned with the lack of progress towards agreement on pay. As a result, the tone deteriorated with the FT 30-share index registering a loss of 6.5 at 2 pm.

The union decision to recommend acceptance of the Vauxhall wage offer made little difference initially, but the reports tended to arrest the decline and the index settled a net 5.9 lower at 469.5, its lowest since July 19. Reflecting the renewed selling pressure which developed before noon, overall activity showed an increase with a number of bargains marked rising to 4,434 against the previous day's 3,938.

Early dullness in the Gilt-edged sector also contributed to the easiness of equities. The former took stock of interest rate trends both here and in America and the view gained strength that Minimum Lending Rate would have to rise. Apprehensions about the UK banking sector's eligible liabilities also imparted restraint to the market.

Although business was relatively light, selling was sufficient in the existing thin conditions to lower the longer maturities ½ and the shorter issues by ¼. A rally was attempted following the Vauxhall announcement, but it was thwarted by the October banking statistics which were considered a little disappointing and quotations closed only slightly above the lowest.

Pushed lower in early trading by arbitrage offerings, the investment currency premium rallied following weakness in sterling, and, after a quiet trade, closed only a fraction lower at 77½ per cent. Yesterday's SE conversion factor was 0.7415 (0.7379).

Largely due to sudden interest in Boots ahead of the interim results due on November 16, the total number of contracts in the Traded Option market improved to 523 from the previous day's 275. Boots accounted for 152, with 80 dealt in the November 200 series.

Firm since last week's base lending rate increases, the major clearing banks turned reactionary yesterday as buying interest dried up. NatWest lost 6 to 272p and Lloyds cheapened 5 to 258p. Elsewhere, Bank of Ireland ran back from an initial firm level of 400p to close a net 10 down at 385p following the disappointing interim results. Domestic market influences prompted a fall of 18 to 268p in Hongkong and Shanghai. Among Discounts, Cater Ryder closed unaltered at 255p after the uninspiring interim statement, while Union receded 5 to 290p.

Persistent small offerings left Insurances with falls ranging to 8. Sun Alliance closed that much lower at 482p despite news that funds of its S.A. Linked Life Insurance have grown to over £5¼m in less than a year since its launch. General Accident 190p, and Phoenix 232p, lost 6 apiece and C. E. Heath relinquished 7 at 238p.

Good interim figures from Whitbread failed to create much interest in Breweries which closed easier, where changed. Whitbread A finished unchanged at 98p, but Allied and City of London deferred lost 2 apiece at 81p and 58p respectively. Belhaven Brewery, 43p, failed to respond to the profits forecast which accompanied the interim figures; it was announced yesterday that J. Lyons had placed its substantial shareholding in the company with several financial institutions.

Despite the slightly firmer tendency in after hours' business, Building descriptions closed lower on lack of support and occasional small selling. Tunnel B shed 8 at 272p. Housebuilders Milbury succumbed to offerings in an exceptionally thin market and lost 4 at 40p, while recently-firm Royco cheapened 2 to 42p. Elsewhere, Parker Timber shed 4 to 108p, and Manders lost 3 at 100p. After the higher interim profits, Roberts Adlard held at 102p.

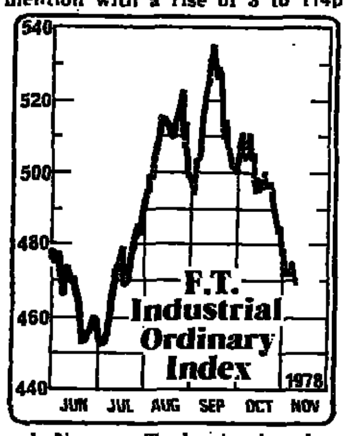
ICI drifted lower from the outset and closed 5 cheaper at 355p, but Fisons rallied from the year's low of 315p to finish just a penny lower on balance at 317p.

### Allied Retailers firm

A flurry of speculative buying in a thin market fuelled by vague bid suggestions helped Allied Retailers feature Stores with a gain of 8 to 110p. W. L. Pawson hardened a penny to 57p, after 58p, in response to the interim profits recovery, while James Walker continued firmly, the ordinary rising 3 more to 106p and the A 2 to 94p. Bambers, on the other hand, dipped 7 to 160p while Currys and Home Charm gave up 4 to 179p and 216p respectively. The leaders ended easier for choice; Burton A lost 3 to 172p as did Gussies A to 203p.

Apart from a small speculative flurry in A.B. Electronic, 5 better at 130p, after 136p, Electricals drifted gently lower on small selling in an unwilling market. Racal Electronics finished 8 easier at 314p despite reports of a major Spanish defence contract, while losses of 5 were seen in GEC, 306p, and United Scientific, 263p. Philips' Lamp receded 30 to 820p on currency influences and a report suggesting the possibility of a large cutback in the Dutch workforce.

Engineering majors drifted lower in the absence of support and on occasional light offerings. John Brown were noteworthy for a fall of 10 at 408p, while losses of 6 were marked against Hawker Siddeley, 224p, and Tubes, 370p. Elsewhere, Baker Perkins responded afresh to favourable Press mention with a rise of 3 to 114p and Newman-Tonks hardened a penny to 62p on the encouraging tenor of the chairman's annual statement. Speculative interest was shown in Edgar Allen Balfour, 3 to the good at 57p, but Eva Industries, down 4 at 100p, reflected disappointment with the interim statement. Richardsons Westgarth, a dull market last week on the half-year loss, gave up 3 more to a low for the year of 45p. Among Shipbuilders, Yarrow, 6 lower at 320p, continued to reflect lower annual profits.




Milling concerns lost more ground following the start of the strike by bakery workers in England and Wales. Associated British Foods finished 3 easier at 65p, after 64p, the bearish statement on prospects outweighing the interim figures which were better than expected. RHM lost another penny to 49½p. Elsewhere in Foods, J. Sainsbury were active and 2 harder at 214p, after 217p, in front of today's interim figures.

### De La Rue disappoint

Already standing around 5 easier in front of the interim statement, De La Rue fell away further in reaction to the disappointing first-half profits to close 25 down at 390p. Adverse comment prompted a fall of 4 to 50p in Bath and Portland, while persistent small offerings left BTR 10 down at 312p and Holt Lloyd International 6 easier at 154p. Dunbee-Combex-Marx, which reported sharply lower interim results last month, receded 4 more to 90p, while similar losses were recorded in Eastern Produce, 75p, Gestetner A, 145p, and Hunting Associated, 280p. Smiths Industries gave up 6 to 194p and IC Gas declined 8 to 350p. Far-eastern stocks to react on domestic market influences included Jardine Matheson, which fell 17 to 223p, and Swire Pacific, 10 down at 130p. By way of contrast, A. Arenson gained 4 to 79p, after 82p, in response to the sharply higher annual earnings and Gieves hardened 2 to 88p following the satisfactory interim figures. The miscellaneous Industrial leaders drifted lower on lack of support, Reckitt and Colman easing 7 to 438p, while Beecham 635p, and Glaxo, 535p, shed 5.

Howard and Wyndham hardened a penny to 27p following the full report. Recently dull Black and Edgington found support at the lower level and improved 4 to 88p.

Overnight consideration of the annual results and fears about the effects of the long strike at Ford Motor on the company's short-term prospects prompted renewed selling of Lucas which fell away steadily to close 9 down at 292p. Elsewhere in the Motor sectors, Airflow Streamlines dropped 8 to 36p on the interim profits setback and the warning about second-half trading, while York Trailer eased 2 to 45p following the forecast that the annual results will most likely fall short of the £2m forecast. Rolls-Royce, down 4 at 99p, were unsettled by a Press suggestion that the Iranian troubles may jeopardise the company's contract for Chieftain tank engines.

Routine selling lowered Associated Newspapers to 173p, but a late rally left the close just 4 cheaper on balance at 176p. Similarly, Daily Mail A finished a couple of pence off at 358p, after 355p. In Paper/Printings, Usher/Walker held at 70p despite the lower interim profits.

Properties gave ground on a revival of interest rate fears and a consequent lack of investment support. Land Securities eased 3 to 225p, while English and MEPC cheapened 2 to 34p and 136p respectively. News items were usually responsible for notable movements in secondary issues where disappointing annual results left London and Provincial Shop Centres 6 lower at 110p. In contrast, Allied London firmed a penny to 61p in response to higher annual profits and the proposed scrip issue in preference shares, while Bradford recovered from 237p to close 2 up on balance at 242p following the mid-term profits improvement. McInerney were unmoved at 35p by the interim results but, awaiting tomorrow's preliminary figures, Bellway added 2 for a two-day rise of 4 to 69p. Following the termination of bid discussions with the initial suitor, Corn Exchange firmed 2 to 230p on the news that talks were under way with another interested party. City of Aberdeen Land Association returned from suspension at 104p compared with the suspension price of 87p, in repsonse to the cash bid worth 103½p per share from Scottish Western Trust.

*Leading oils* held steady during the course of another quiet trading session. British Petroleum barely moved from the overnight closing level and closed without alteration at 864p, while Shell also closed unaltered at 563p.

Investment Trusts closed on a dull note in sympathy with overnight weakness on Wall Street. Scottish National Trust eased 1½ to 140p despite improved results.

Publicity given to the company's Iranian commitments tended to unsettle P and O Deferred which eased 2½ to a 1978 low of 82p.

Textiles were inclined easier, where altered, but John Higgs hardened 2 to 170p awaiting the outcome of the discussions with Dawson International. Coats Patons ended without alteration at 64p following the interim results.

### Golds edge higher

A strong rally in the bullion price, which closed $5.50 higher at $216.375 per ounce, encouraged further buying of South African Golds, pushing the Gold Mines index 0.8 higher at 135.9. The ex-premium index put on 1.1 to 100.8.

Share prices edged up throughout the day although business remained at a very low level. Cape and London buying in the morning got prices off to a good start and they improved further in the afternoon as American support was reported.

Heavyweights registered gains of up to ⅞ as in West Driefontein, £20⅞, mediums showed President Steyn 37 to the good at 631p and Saint Helena 20 up at 700p. Among the cheaper-priced stocks Elandsrand were 9 better at 185p.

South African Financials attracted a good demand in the afternoon, after a quiet morning's trade. UC Investments climbed 8 to 200p, Union Corporation 6 to 264p, and Anglo American and De Beers both gained 4 to 298p and 350p respectively.

London-registered Financials, on the other hand, weakened in line with the UK equity market. Rio Tinto-Zinc declined 3 to 230p and Charter 2 to 133p.

Platinums moved ahead in sympathy with Golds. Rustenburg put on 5 to 93p while Lydenburg and Impala both improved 4 to 176p and 64p respectively.

Coppers were subdued with the notable exception of Roan Consolidated Mines which rose 3 to 67p following news that the company has negotiated a £4m line of credit to enable it to buy mining equipment from Britain.

A disappointing performance in overnight Sydney markets—Melbourne was closed for Melbourne Cup day—caused minor losses in Australians. MIM Holdings drifted back to close 6 easier at 187p and Pancontinental fell 50 to 850p.

Conzinc Riotinto gave up 4 to 266p and Northern Mining 5 to 88p both on further consideration of the latest progress report from the Aston venture.

## OPTIONS

**Account Dealing Dates**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Nov. 7 | Nov. 20 | Feb. 8 | Feb. 20 |
| Nov. 21 | Dec. 4 | Feb. 22 | Mar. 6 |
| Dec. 5 | Dec. 18 | Mar. 8 | Mar. 20 |

*For rate indications see end of Share Information Service*

Money was given for the call in English Property, Tesco, Ladbroke Warrants, Grand Metropolitan, Lex Service, William Mowat, Premier Consolidated Oil, Brook Street Bureau, Carron, Town and City Properties, Vinten, Halma, British Vita, Racal Electronics, J. Brown, Lofs, Duple International, Leboff Fobel, Edgar Allen, Lonrho, Mears Bros., Tarmac and Barker and Dobson. Puts were dealt in Thorn Electrical, Racal Electronics, ICI and Brown and Jackson, while doubles were arranged in English Property and United Biscuit.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1978 high | 1978 low |
|---|---|---|---|---|---|---|
| ICI | £1 | 13 | 355 | −5 | 421 | 328 |
| BATs Defd. | 25p | 10 | 231 | −2 | 304 | 227 |
| GEC | 25p | 9 | 306 | −5 | 340 | 233 |
| Beecham | 25p | 8 | 635 | −5 | 743 | 583 |
| Grand Metropol. | 50p | 8 | 102½ | −2½ | 121 | 87 |
| Shell Transport | 25p | 8 | 563 | — | 602 | 484 |
| Barclays Bank | £1 | 7 | 348 | −2 | 368 | 298 |
| RTZ | 25p | 7 | 230 | −3 | 263 | 164 |
| Vickers | £1 | 7 | 192 | −2 | 211 | 160 |
| Allied Breweries | 25p | 6 | 81 | −2 | 94 | 78 |
| Boots | 25p | 6 | 192 | — | 237 | 184 |
| BP | £1 | 6 | 864 | — | 926 | 720 |
| Inchcape | £1 | 6 | 357 | — | 445 | 350 |
| Marks & Spencer | 25p | 6 | 81 | −1 | 94 | 67½ |
| Unilever | 25p | 6 | 526 | −2 | 602 | 478 |

## FINANCIAL TIMES STOCK INDICES

| — | Nov. 7 | Nov. 6 | Nov. 3 | Nov. 2 | Nov. 1 | Oct. 31 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 68.38 | 68.55 | 68.58 | 68.66 | 68.77 | 69.28 | 76.50 |
| Fixed Interest | 70.01 | 70.02 | 70.06 | 70.17 | 70.22 | 70.52 | 77.97 |
| Industrial | 469.5 | 475.4 | 472.4 | 472.4 | 479.2 | 478.9 | 493.2 |
| Gold Mines | 135.9 | 135.1 | 131.9 | 134.0 | 131.1 | 143.4 | 148.6 |
| Gold Mines (Ex-$ pm.) | 100.8 | 99.7 | 98.6 | 97.0 | 98.5 | 105.1 | 109.0 |
| Ord. Div. Yield | 5.79 | 5.71 | 5.75 | 5.75 | 5.66 | 5.67 | 5.46 |
| Earnings, Y'ld%(full) | 16.20 | 15.77 | 15.88 | 15.85 | 15.55 | 15.67 | 16.33 |
| P/E Ratio (net) (*) | 8.01 | 8.37 | 8.32 | 8.33 | 8.44 | 8.43 | 8.67 |
| Dealings marked | 4,434 | 3,938 | 4,685 | 5,106 | 4,377 | 4,638 | 5,329 |
| Equity turnover £m | — | 81.92 | 60.74 | 78.28 | 93.58 | 67.68 | 67.10 |
| Equity bargains total | — | 12,958 | 13,382 | 16,005 | 16,240 | 12,894 | 13,882 |

10 am 474.2. 11 am 473.3. Noon 470.7. 1 pm 469.0. 2 pm 468.9. 3 pm 469.5.
Latest Index 01-246 8026.
*Nil=7.31.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm Index started June, 1972. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| — | 1978 High | 1978 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 78.58 (3/1) | 68.38 (7/11) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 81.27 (9/1) | 70.01 (7/11) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 535.5 (14/9) | 433.4 (2/3) | 549.2 (14/9/77) | 49.4 (26/6/40) |
| Gold Mines | 206.6 (14/8) | 130.3 (8/1) | 442.3 (22/5/75) | 43.5 (26/10/71) |
| Gold Mines (Ex-$ pm.) | 132.3 (14/8) | 90.3 (15/4) | 337.1 (3/4/74) | 54.3 (25/3/78) |

## S.E. ACTIVITY

| | Nov. 7 | Nov. 6 |
|---|---|---|
| —Daily | | |
| Gilt-Edged | 175.0 | 143.4 |
| Industrials | 149.3 | 132.2 |
| Speculative | 38.4 | 32.2 |
| Totals | 100.9 | 88.6 |
| 5-day Average | | |
| Gilt-Edged | 150.9 | 143.0 |
| Industrials | 156.6 | 155.7 |
| Speculative | 38.8 | 37.4 |
| Totals | 102.5 | 103.5 |

## LONDON TRADED OPTIONS

| Option | Ex'cise price | January Closing offer | January Vol. | April Closing offer | April Vol. | July Closing offer | July Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 950 | 7 | 32 | 23 | — | 45 | — | 966p |
| Com Union | 140 | 5 | 8 | 8 | 7 | 12 | — | 150p |
| Com Union | 180 | 1 | — | 2½ | 14 | — | — | |
| Cons Gold | 160 | 23 | 1 | 30 | — | 33 | — | 177p |
| Cons Gold | 200 | 3 | 3 | 7 | — | 14 | 3 | |
| Courtaulds | 120 | 3½ | 4 | 7 | — | 8 | — | 112p |
| Courtaulds | 130 | 1½ | 11 | 4 | 5 | 5 | — | |
| GEC | 220 | 91 | 5 | — | — | — | — | 306p |
| GEC | 280 | 33 | 11 | 39 | 1 | — | — | |
| GEC | 300 | 20 | 7 | 27 | 3 | 59 | — | |
| GEC | 330 | 5 | 19 | 13 | 4 | 24 | — | |
| GEC | 360 | 1½ | — | 6 | 15 | — | — | |
| Grand Met. | 100 | 9 | — | 11½ | 5 | 15½ | — | 102p |
| Grand Met. | 110 | 3½ | — | 7½ | 17 | 9½ | — | |
| Grand Met. | 120 | 1 | — | 3 | 5 | 6 | 10 | |
| ICI | 330 | 36 | 1 | 45 | — | — | — | 355p |
| ICI | 360 | 16 | — | 25 | 3 | 37 | — | |
| ICI | 390 | 6 | 17 | 11 | 6 | 16 | 6 | |
| ICI | 420 | 2 | 1 | 5½ | — | 11 | — | |
| Land Secs. | 200 | 28 | — | 35 | 7 | — | — | 225p |
| Land Secs. | 220 | 14 | — | 21 | 2 | 28 | — | |
| Marks & Sp. | 60 | 24 | 3 | 27 | — | — | — | 82p |
| Marks & Sp. | 70 | 14 | 10 | 17 | — | 19 | — | |
| Marks & Sp. | 80 | 6 | 15 | 11 | — | 13 | — | |
| Marks & Sp. | 100 | ¾ | — | 3 | 5 | — | — | |
| Shell | 550 | 29 | 10 | 42 | — | 50 | — | 563p |
| Shell | 600 | 6 | — | 14 | 18 | 28 | — | |
| Totals | | | 158 | | 116 | | 18 | |

| Option | Ex'cise price | November Closing offer | November Vol. | February Closing offer | February Vol. | May Closing offer | May Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BOC Intl. | 70 | 1 | — | 4 | 10 | 6½ | — | 67p |
| Boots | 180 | 13 | — | 19 | — | 27 | 1 | 191p |
| Boots | 200 | 3 | 80 | 9 | — | 16 | — | |
| Boots | 220 | ¾ | — | 3½ | 20 | 9 | 11 | |
| Boots | 240 | ½ | 10 | 2 | — | 3½ | 25 | |
| Boots | 260 | ½ | — | ¾ | — | 2 | 5 | |
| EMI | 140 | 13 | — | 15 | 16 | 25 | — | [illegible] |
| EMI | 160 | 2 | — | 6½ | — | 14 | 15 | |
| Imperial Gp | 80 | 2½ | 7 | 5 | — | 6 | — | 80p |
| RTZ | 220 | 14 | 1 | 24 | — | 32 | — | 231p |
| RTZ | 280 | ¾ | — | 5 | 30 | 8 | — | |
| Totals | | | 98 | | 76 | | 57 | |

## LEGAL NOTICES

No. 003327 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court In the Matter of EVANTHIA OF LONDON LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 16th day of October 1978, presented to the said Court by BONDARESS LIMITED whose registered office is at 59 Foley Street, London, W1P 7LD, dress manufacturers and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 20th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POLLINS REUBEN LOCKING & CO. [illegible] London, [illegible] Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. [illegible] not later than four o'clock in the afternoon of the 17th day of November, 1978.

No. 003325 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court In the Matter of ANDERSTYLE LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 16th day of October 1978, presented to the said Court by BONDARESS LIMITED whose registered office is at 59 Foley Street, London, W1P 7LD, dress manufacturers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 20th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POLLINS REUBEN LOCKING & CO. [illegible] London, [illegible] Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. [illegible] not later than four o'clock in the afternoon of the 17th day of November, 1978.

No. 003326 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court In the Matter of J. S. RINEY (CONTRACTORS) LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 23rd day of October 1978, presented to the said Court by THAMES WATER AUTHORITY, Broadway Buildings, 50-64 Broadway, London, SW1H 0DB, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the [illegible] day of December 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

R. A. R. GRAY,
Thames Water Authority,
Broadway Buildings,
50/64 Broadway,
London SW1.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the [illegible] day of December, 1978.



## NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

### NEW HIGHS (5)

BUILDINGS (1)
Fed. Land
ELECTRICALS (1)
A.B. Electronic
INDUSTRIALS (2)
Arenson (A.) Courtney Pope
OILS (1)
Candecca Resources

### NEW LOWS (51)

BRITISH FUNDS (17)
Treas. 10½pc 1979; Treas. 8¼pc 1982
Treas. 9½pc 1980; Exchqr. 9¼pc 1982
Exchqr. 13pc 1980; Exchqr. 8½pc 1983
Treas. 11½pc 1981; Treas. 12pc 1983
Treas. 9½pc 1981; Exchqr. 10pc 1983
Exchqr. 9½pc 1981; Treas. 13¼pc 1993
Exchqr. 12½pc '81; Exchq. 12pc 2013-17
Treas. 8¼pc '80-82; War Loan 3½pc
Treas. 14pc 1982
CORPORATION LOANS (3)
G.L.C. 12½pc '82; Glasgow 9¼pc '80-82
Do 12½pc 1983
BEERS (1)
Scot. & Newcastle
BUILDINGS (4)
Bett Bros.; Smart (J.)
Mowlem (J.); Whatlings
CHEMICALS (1)
Fisons
STORES (1)
Grattan Warehouses
ELECTRICALS (1)
Berec
ENGINEERING (6)
Delta Metal; Serck
Manganese Bronze; Weeks Assoc.
Richardsons W'garth; Wolf Electric
FOODS (2)
Bassett (George); British Vending
INDUSTRIALS (6)
Avon Rubber; Eastern Produce
Bath & Portland; Gestetner A
Dunbee-Combex; Hoover A
INSURANCE (1)
Sun Alliance
MOTORS (2)
York Trailer; Dunlop
SHIPPING (1)
P. & O. Defd.
TEXTILES (1)
Courtaulds 7pc Deb. 1982-87
TOBACCOS (1)
BAT Inds.
TRUSTS (1)
Jersey General
MINES (2)
Wankie Colliery; Messina

## YESTERDAY RISES AND FALLS

YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 2 | 63 | 11 |
| Corpns. Dom. and Foreign Bonds | 8 | 4 | 58 |
| Industrials | 91 | 508 | 928 |
| Financial and Prop. | 41 | 197 | 216 |
| Oils | 3 | 12 | 22 |
| Plantation | 2 | 13 | 16 |
| Mines | 48 | 47 | 46 |
| Recent Issues | 2 | 10 | 13 |
| Totals | 197 | 854 | 1,362 |

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or − | Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | | |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. [illegible]

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Tues., Nov. 7, 1978 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 33%) | Est. P/E Ratio (Net) | Mon., Nov. 6 Index No. | Fri., Nov. 3 Index No. | Thurs., Nov. 2 Index No. | Wed., Nov. 1 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (171) | 226.72 | −1.1 | 17.18 | 5.54 | 7.99 | 229.35 | 227.83 | 229.24 | 231.53 | 206.94 |
| 2 | Building Materials (27) | 193.84 | −0.9 | 18.24 | 5.84 | 7.54 | 195.66 | 194.66 | 196.97 | 199.16 | 192.85 |
| 3 | Contracting, Construction (28) | 362.19 | −0.7 | 20.28 | 4.42 | 7.08 | 364.78 | 363.92 | 364.56 | 362.79 | 335.06 |
| 4 | Electricals (14) | 521.05 | −1.5 | 13.93 | 3.56 | 9.92 | 529.22 | 523.40 | 526.33 | 539.98 | 449.82 |
| 5 | Engineering Contractors (14) | 357.04 | −0.1 | 18.16 | 6.09 | 7.46 | 357.51 | 354.32 | 355.86 | 354.28 | 280.86 |
| 6 | Mechanical Engineering (72) | 178.06 | −1.3 | 18.77 | 6.15 | 7.14 | 180.35 | 179.62 | 180.64 | 181.45 | 160.08 |
| 8 | Metals and Metal Forming (16) | 162.44 | −1.1 | 16.44 | 8.80 | 8.42 | 164.27 | 163.09 | 164.11 | 164.53 | 157.29 |
| 11 | CONSUMER GOODS (DURABLE) (53) | 198.11 | −1.4 | 17.72 | 5.40 | 7.57 | 201.01 | 199.80 | 202.65 | 202.86 | 198.47 |
| 12 | Lt. Electronics, Radio, TV (16) | 244.00 | −1.2 | 14.89 | 4.20 | 9.41 | 247.01 | 243.84 | 248.54 | 247.48 | 241.08 |
| 13 | Household Goods (12) | 170.04 | −0.9 | 17.52 | 6.69 | 7.86 | 171.53 | 172.19 | 174.11 | 175.16 | 182.54 |
| 14 | Motors and Distributors (25) | 117.89 | −1.9 | 22.57 | 7.14 | 5.64 | 120.23 | 120.61 | 121.43 | 122.48 | 118.80 |
| 21 | CONSUMER GOODS (NON-DURABLE) (172) | 200.93 | −0.8 | 16.56 | 6.16 | 8.12 | 202.64 | 201.96 | 202.27 | 204.35 | 200.71 |
| 22 | Breweries (14) | 219.57 | −1.1 | 15.23 | 6.46 | 9.03 | 222.08 | 221.95 | 221.63 | 222.72 | 219.77 |
| 23 | Wines and Spirits (6) | 265.91 | −0.9 | 16.01 | 5.41 | 9.32 | 268.28 | 265.72 | 266.92 | 269.31 | 227.54 |
| 24 | Entertainment, Catering (17) | 250.28 | −1.2 | 14.60 | 7.03 | 9.99 | 253.27 | 251.31 | 251.65 | 254.89 | 252.64 |
| 25 | Food Manufacturing (19) | 196.35 | −1.0 | 19.72 | 5.56 | 6.72 | 198.28 | 199.01 | 199.10 | 200.64 | 201.32 |
| 26 | Food Retailing (15) | 216.31 | −0.5 | 13.94 | 4.76 | 9.99 | 217.33 | 217.44 | 217.12 | 218.14 | 225.91 |
| 32 | Newspapers, Publishing (12) | 371.82 | −0.6 | 21.25 | 6.51 | 6.65 | 373.97 | 375.66 | 378.38 | 380.66 | 328.12 |
| 33 | Packaging and Paper (15) | 131.86 | −0.6 | 19.53 | 7.55 | 6.74 | 132.64 | 131.77 | 132.40 | 134.43 | 129.16 |
| 34 | Stores (40) | 190.28 | −0.8 | 11.98 | 4.94 | 12.02 | 191.75 | 190.97 | 190.23 | 192.68 | 196.83 |
| 35 | Textiles (25) | 171.98 | −0.8 | 19.36 | 8.45 | 6.70 | 173.41 | 171.82 | 174.25 | 174.57 | 166.33 |
| 36 | Tobaccos (3) | 220.82 | −0.7 | 24.93 | 8.49 | 4.75 | 222.30 | 220.85 | 223.33 | 227.38 | 212.29 |
| 37 | Toys and Games (6) | 95.60 | −1.7 | 23.71 | 6.76 | 4.93 | 97.29 | 96.81 | 97.27 | 98.19 | 110.88 |
| 41 | OTHER GROUPS (99) | 192.27 | −1.2 | 16.29 | 6.32 | 7.90 | 194.61 | 193.39 | 194.27 | 195.54 | 191.88 |
| 42 | Chemicals (19) | 270.22 | −1.3 | 16.95 | 7.00 | 7.67 | 273.73 | 272.36 | 273.90 | 276.48 | 262.57 |
| 43 | Pharmaceutical Products (7) | 245.33 | −0.9 | 11.52 | 4.22 | 10.57 | 247.59 | 245.22 | 246.26 | 249.54 | [illegible] |
| 44 | Office Equipment (6) | 126.64 | −1.2 | 19.19 | 6.02 | 6.21 | 128.21 | 127.21 | 127.33 | 127.38 | 122.78 |
| 45 | Shipping (10) | 406.58 | −1.1 | 15.29 | 7.43 | 8.35 | 410.93 | 410.86 | 412.05 | 413.59 | 455.86 |
| 46 | Miscellaneous (57) | 206.87 | −1.3 | 18.20 | 6.79 | 7.31 | 209.62 | 208.28 | 209.27 | 209.53 | 198.43 |
| 49 | INDUSTRIAL GROUP (495) | 211.58 | −1.1 | 16.74 | 5.98 | 7.99 | 213.83 | 212.74 | 213.67 | 215.51 | 206.58 |
| 51 | Oils (5) | 493.25 | — | 14.17 | 4.08 | 7.66 | 493.22 | 489.32 | 491.01 | 495.46 | 499.29 |
| 59 | 500 SHARE INDEX | 234.97 | −0.9 | 16.34 | 5.69 | 7.94 | 237.08 | 235.77 | 236.77 | 238.83 | 230.67 |
| 61 | FINANCIAL GROUP (100) | 159.58 | −1.1 | — | 6.10 | — | 161.38 | 159.74 | 159.12 | 159.66 | 165.96 |
| 62 | Banks (6) | 188.50 | −1.1 | 24.77 | 6.22 | 6.06 | 190.60 | 188.27 | 185.44 | 184.28 | 180.56 |
| 63 | Discount Houses (10) | 198.90 | −1.1 | — | 8.84 | — | 201.18 | 201.10 | 200.75 | 205.32 | 215.56 |
| 64 | Hire Purchase (5) | 140.72 | −1.7 | 17.31 | 5.86 | 7.62 | 143.16 | 143.44 | 142.75 | 143.85 | 178.37 |
| 65 | Insurance (Life) (10) | 126.54 | −1.0 | — | 7.42 | — | 127.81 | 126.69 | 126.07 | 126.76 | 141.96 |
| 66 | Insurance (Composite) (7) | 115.73 | −1.8 | — | 7.58 | — | 117.82 | 116.23 | 116.50 | 117.18 | 140.85 |
| 67 | Insurance Brokers (10) | 310.09 | −0.5 | 15.30 | 5.34 | 9.35 | 311.54 | 306.79 | 306.84 | 308.39 | 315.66 |
| 68 | Merchant Banks (14) | 76.73 | −0.3 | — | 6.34 | — | 76.95 | 77.17 | 77.22 | 77.26 | 82.64 |
| 69 | Property (31) | 247.68 | −1.0 | 3.51 | 2.97 | 48.55 | 250.28 | 248.02 | 248.83 | 251.63 | 221.06 |
| 70 | Miscellaneous (7) | 106.26 | — | 23.81 | 7.91 | 5.44 | 106.27 | 106.40 | 105.98 | 106.57 | 100.51 |
| 71 | Investment Trusts (50) | 200.14 | −0.4 | — | 5.26 | — | 200.95 | 200.15 | 201.37 | 200.74 | 197.47 |
| 81 | Mining Finance (4) | 101.73 | −0.7 | 18.48 | 7.00 | 6.66 | 102.45 | 101.37 | 102.96 | 104.62 | 91.55 |
| 91 | Overseas Traders (19) | 310.16 | −0.8 | 15.99 | 7.45 | 7.84 | 312.76 | 308.70 | 311.72 | 311.53 | 277.99 |
| 99 | ALL-SHARE INDEX (673) | 215.00 | −0.9 | — | 5.80 | — | 216.95 | 215.54 | 216.26 | 217.82 | 212.17 |

### FIXED INTEREST PRICE INDICES

| | British Government | Tues., Nov. 7 | Day's change % | xd adj. To-day | xd adj. 1978 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 102.81 | −0.04 | — | 8.10 |
| 2 | 5-15 years | 112.62 | −0.30 | — | 8.07 |
| 3 | Over 15 years | 116.50 | −0.29 | — | 12.59 |
| 4 | Irredeemables | 120.26 | −0.34 | — | 13.32 |
| 5 | All stocks | 109.92 | −0.20 | — | 9.85 |

### FIXED INTEREST YIELDS

| | Br. Govt. Av. Gross Red. | | Tues. Nov. 7 | Mon. Nov. 6 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 9.56 | 9.51 | 6.66 |
| 2 | | 15 years | 11.32 | 11.26 | 9.66 |
| 3 | | 25 years | 12.13 | 12.09 | 10.33 |
| 4 | Medium Coupons | 5 years | 12.51 | 12.48 | 9.36 |
| 5 | | 15 years | 12.57 | 12.51 | 10.42 |
| 6 | | 25 years | 12.57 | 12.51 | 10.61 |
| 7 | High Coupons | 5 years | 12.66 | 12.62 | 9.58 |
| 8 | | 15 years | 13.14 | 13.09 | 11.40 |
| 9 | | 25 years | 13.19 | 13.15 | 11.44 |
| 10 | Irredeemables | | 12.09 | 12.05 | 10.30 |

| | | Tuesday, Nov. 7 Index No. | Tuesday, Nov. 7 Yield % | Monday Nov. 6 | Friday Nov. 3 | Thurs. Nov. 2 | Wed. Nov. 1 | Tues. Oct. 31 | Mon. Oct. 30 | Friday Oct. 27 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 56.12 | 13.22 | 56.13 | 56.16 | 56.15 | 56.16 | 56.18 | 57.12 | 56.69 | 63.13 |
| 16 | Investment Trust Prefs. (15) | 51.88 | 13.44 | 51.85 | 51.70 | 51.68 | 51.68 | 51.65 | 51.59 | 51.27 | 56.57 |
| 17 | Coml. and Indl. Prefs. (20) | 71.86 | 13.00 | 71.80 | 72.00 | 71.80 | 71.80 | 71.80 | 72.00 | 72.04 | 77.93 |

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

# AUTHORISED UNIT TRUSTS

مكتبة الأصل

# OFFSHORE AND OVERSEAS FUNDS

**Alexander Fund**
37, rue Notre Dame, Luxembourg.
Alexander Fund ... $US6.60 | ... | —
Net asset value Nov. 3

**Allen Harvey & Ross Inv. Mgt. (C.I.)**
1, Charing Cross, St. Helier, Jsy. C.I. 0534 73741
AHR Gilt Edg.Fd.... £10 15 | 10 14 | | 11.92

**Arbuthnot Securities (C.I.) Limited**
P.O. Box 284, St. Helier, Jersey. 0534 72177
Cap Tst. (Jersey) | 115 0 | 119 0 | −2 0 | 4 20
Next dealing date November 21
Gov't Secs. Tst. | 99 | 101 | ... | 12.00
Next dealing date November 13
East & Intl. Tst. (C.I.) | 111 | 118 | | 3.18
Next dealing date November 9.

**Australian Selection Fund NV**
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney
US$1 Shares | $US1.59 | ... | —
Next asset value October 27

**Bank of America International S.A.**
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income | $US115.57 | 116.15 | ... | 7.32
Prices at Nov. 2. Next sub. date Nov. 8.

**Banque Bruxelles Lambert**
2, Rue De la Regence B 1000 Brussels
Renta Fund LF ... | 1,908 | 1,967 | +11 | 7 85

**Barclays Unicorn Int. (Ch. Is.) Ltd.**
1, Charing Cross, St. Helier, Jsy. 0534 73741
Overseas Income .. | 46.7 | 49 1 | ... | 12.00
Unidollar Trust ... | $US18.76 | 21.51 | | 1.80
Unibond Trust ... | $US100.48 | 102.24 | +0.06 | 8.50

**Barclays Unicorn Int. (I. O. Man) Ltd.**
1 Thomas St., Douglas, I.o.M. 0624 4856
Unicorn Aust. Ext. | 48 9 | 52 6 | ... | 1.70
Do. Aust. Min. ... | 31 1 | 33.5 | +0 3 | 1 80
Do. Grtr. Pacific ... | 68 2 | 73 4 | ... | —
Do. Intl. Income ... | 39 5 | 42 5 | ... | 8.20
Do. I. of Man Tst. ... | 44 9 | 48 3 | −0 8 | 9 10
Do. Manx Mutual ... | 26 6 | 28 7 | ... | 1.40

**Bishopsgate Commodity Ser. Ltd.**
P.O. Box 42, Douglas, I.o.M. 0624-23911
ARMAC *Oct. 2 ... | $US28.32 | 30 12 | ... | —
CANRHO **Oct. 2 | £1 092 | 1 158 | ... | —
COUNT **Oct. 2 | £2 465 | 2.614 | ... | 2.01
Originally issued at *$10 and **£1.00.

**Bridge Management Ltd.**
P.O. Box 508, Grand Cayman, Cayman Is.
N'bashi Oct. 2 ... | Y17 876 | ... | —
G.P.O. Box 590, Hong Kong
Nippon Fd. Nov. 2 | $US23.48 | 22 44 | ... | 0.74

**Britannia Tst. Mngmt. (CI) Ltd.**
30 Bath St., St. Helier, Jersey. 0534 73114
Sterling Denominated Fds.
Growth Invest. .. | 35 9 | 38 8 | ... | 2 00
Intnl. Fd. ... | 86 2 | 93 2 | ... | 1 00
Jersey Energy Tst. | 117 8 | 127 4 | ... | 1 50
Univsl. $ Tst. Stg. | £2 10 | 2 21 | ... | 1 00
High Int. Stg. Tst. | £0 96 | 0.99 | ... | 12.12
U.S. Dollar Denominated Fds.

**Keyser Ullmann Ltd.**
25 Milk Street, EC2V 8JE 01-606 7070
Fonselex ... | Fr 1,396 | 1,532 | +81 | 2 96
Bondselex ... | Fr 118.66 | 124 60 | +1 16 | —
Cent. Assets Cap. | £137 58 | 137 62 | +0 03 | —
Keyselex Japan ... | £12.20 | — | −2 56 | —

**King & Shaxson Mgrs.**
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) | 8 87 | 8 39 | ... | 12 25
Gilt Trust (I.o.M.) | 100 5 | 103.1 | −3 3 | 12.25
Gilt Fnd. Guernsey | 9 25 | 9 27 | ... | 12 25
Intl. Govt. Secs. Tst.
First Sterling ... | £17 88 | 18 00 | ... | —
First Intl. ... | $US198.83 | 199.52 | ... | —

**Kleinwort Benson Limited**
20 Fenchurch St., EC3 01-623 8000
Eurinvest. Lux. F | 1,135 | | ... | 3 02
Guernsey Inc. ... | 65 7 | 69 9 | ... | 4 35
Do. Accum. ... | 82 4 | 87.6 | ... | 4 55
KB Far East Fd. | $US15.84 | | ... | 1 45
KB Intl. Fund | $US12.46 | | ... | 2 00
KB Japan Fund | $US41.28 | | ... | 0 61
K.B. U.S. Gwth. Fd. | $US13 04 | | ... | 0 69
Signet Bermuda ... | $US4 89 | | ... | 1 84
Intermtl. Bd. Fd. .. | — | — | ... | —

**Lloyds Bk. (C.I.) U/T Mgrs.**
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas | 60 8 | 64 0 | ... | 1 22
Next dealing date November 15.

**Lloyds Bank Intl. Geneva.**
P.O. Box 438 1211 Geneva 11 (Switzerland)
Lloyds Int. Growth | SF292.00 | 312 50 | −2 00 | 1 80
Lloyds Int. Inc. ... | SF299.50 | 311 00 | −0 50 | 5.10

**Management International Ltd.**
Bank of Bermuda Building, Bermuda.
Canterbury Oct. 27 | $US1.05 | | ... | —

**M & G Group**
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Nov. 7 | $US2.29 | 3 16 | −0 10 | —
Aust. Ex. Nov. 1 | $US2.33 | 2 66 | ... | —
Gld. Ex. Acc. Nov. 1 | $US9.82 | 11 10 | ... | —
Island ... | 128 4 | 138 1 | −0 1 | 13 70
(Accum Units) ... | 184.9 | 198 9 | −0.2 | 13 70

**Samuel Montagu Ldn. Agts.**
114, Old Broad St., EC2 01-588 6464
ApolloFd. Nov. 1 | SF40.30 | 43 70 | ... | 4 28
Japfest Oct. 31 ... | HK$14.45 | 15 12 | ... | 0 79
117 Group Nov. 1 | $US10.30 | 11 24 | ... | 2 10
117 Jersey Oct. 18 | £5 48 | 5 98 | ... | 0 70
117 JsyO's Oct. 25 | £9 84 | 10 36 | ... | —

**Murray, Johnstone (Inv. Adviser)**
163, Hope St., Glasgow, C2. 041-221 5521
*Hope St. Fd. ... | $US43.98 | ... | —
*Murray Fund ... | $US10 33 | ... | —
NAV October 31.

**Negit S.A.**
10a Boulevard Royal, Luxembourg
NAV Nov. 3 ... | $US12.56 | ... | —

# INSURANCE AND PROPERTY BONDS

**Finlay Unit Trust Mngt. Ltd.**
10, West Nile Street, Glasgow. 041 204 1321
Finlay Internat'l | 21 2 | 22 9 | ... | 2 95
Accum. Units ... | 24 7 | 26 9 | ... | 2.95
Finlay Income ... | 33 2 | 35 9 | ... | 8 94
Finlay Euro.Fin. | 26.6 | 28 8 | ... | 2.37
Accum. Units | 30 8 | 36 5 | ... | 2.37
Finlay Fd. In. Tst. | 28 2 | 30 7 | ... | 4 60
Accum. Units ... | 32.6 | 35 3 | ... | 4 60
Prices Nov. 7. Next dealing Nov. 8

**CORAL INDEX: Close 466-471**

## INSURANCE BASE RATES

†Property Growth ........ 10¼%
†Vanbrugh Guaranteed ........ 10.87%
†Address shown under Insurance and Property Bond Table

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

## INTERNATIONAL BANK

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

## FOREIGN BONDS & RAILS

| 1978 High | 1978 Low | Stock | Price £ | + or — | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 24 | 17 | Antofagasta Rly | 22½ | ...... | — | — |
| 41 | 33 | Do 5pc Pref | 41 | ...... | — | — |
| 98 | 98 | Chilean Mixed | 98 | ...... | — | 13 09 |
| 415 | 350 | German Yng. 4½pc | 411 | ...... | 4½ | — |
| 54 | 46 | Greek 7pc Ass. | 50 | ...... | 3½ | 17.25 |
| 51 | 46 | Do 6pc 28 Stab Ass. | 49 | ...... | 6 | 16 22 |
| 44 | 40 | Do 4pc Mixed Ass. | 40 | ...... | 4 | 15.08 |

## BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

[illegible]

S.E. List Premium 35⅝% (based on US$1.9775 per £)
Conversion factor 0.7415 (0.7379)

## CANADIANS

[illegible]

S.E. List Premium 35% (based on $2.3130 per £)

## BANKS AND HIRE PURCHASE

[illegible]

| 1978 High | 1978 Low | Stock | Price | + or — | Div Net | Cvr | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 217 | 155 | Hambros | 163 | –3 | 9.76 | — | 8 9 | — |
| 100 | 81 | Hill Samuel | 84 | –1 | 4 97 | — | 8.8 | — |
| 600 | 200 | Do Warrants | 200 | ...... | — | — | — | — |
| 360 | 203 | Hong Shng $2.50 | 268 | –18 | hQ59c | — | 2.6 | — |
| 69 | 52 | Jessel Toynbee | 54xc | –1 | †h3 32 | — | 9.2 | — |
| 215 | 160 | Joseph (Leo) £1 | 170 | ...... | 8.74 | — | 7.7 | — |
| 55 | 37 | Keyser Ullmann | 50 | ...... | 0.67 | — | 2 0 | — |
| 74 | 56 | King & Shax 20p | 58 | ...... | 3.44 | — | 8 8 | — |
| 114 | 90 | Kleinwort B.L. | 90 | ...... | †4.18 | — | 6 9 | — |
| 297 | 242 | Lloyds £1 | 258 | –5 | †9.25 | 4.8 | 5.3 | 5.8 |

## BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CHEMICALS, PLASTICS—Cont.

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## FOOD, GROCERIES—Cont.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]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[illegible]

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### Motors and Cycles

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## OVERSEAS TRADERS

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## RUBBERS AND SISALS

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## TEAS

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## MINES

### CENTRAL RAND

[illegible]

### EASTERN RAND

[illegible]

### FAR WEST RAND

[illegible]

### O.F.S.

[illegible]

### FINANCE

[illegible]

### DIAMOND AND PLATINUM

[illegible]

### CENTRAL AFRICAN

[illegible]



## MINES—Continued

### AUSTRALIAN

[illegible]

### TINS

[illegible]

### COPPER

[illegible]

### MISCELLANEOUS

[illegible]

## GOLDS EX-$ PREMIUM

London quotation for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| $15¾ | $10¼ | Buffels R1 | $11⅓ | +⅓ | Q170c | 1.8 | 17.2 |
| $11¾ | 250c | East Drie R1 | 875c | +15 | †Q76c | 1.7 | 10.3 |
| 585c | 330c | East Rand Prp. R1 | 400c | ...... | — | — | — |
| $28⅝ | $16⅝ | F.S. Geduld 50c | $18[illegible] | −¼ | Q315c | ϕ | 19.6 |
| $15⅞ | 975c | Pres. Brand 50c | $11[illegible] | +⅛ | Q150c | ϕ | 15.2 |
| $13⅜ | 900c | St. Helena R1 | $10¼ | +½ | Q190c | ϕ | 21.4 |
| 465c | 313c | Stilfontein 50c | 395c | −5 | †Q22c | 2.3 | 6.4 |
| $22½ | $16⅜ | Vaal Reefs 50c | $18¼ | +¼ | Q115c | 3.3 | 7.3 |
| $37 | $25 | West Drie R1 | $29½ | −½ | Q285c | 1.7 | 15.0 |
| $31¼ | $19¾ | West Hldgs. 50c | $23½xd | +¼ | Q415c | ϕ | 20.4 |
| $12½ | 895c | Western Deep R2 | $10½ | +⅓ | Q92.5c | 2.4 | 9.4 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ϕ Price at time of suspension.
- ¶ [illegible] dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ [illegible] interim, reduced final and/or reduced earnings [illegible]
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ● [illegible] final dividend declaration.
- ☆ [illegible]
- ¥ [illegible]

a [illegible] b Figures based on prospectus or other official estimate [illegible] d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K [illegible] based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. [illegible] T Figures assumed. Z Dividend total to date. [illegible] Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: [illegible] ex dividend; [illegible] ex scrip issue; ♦ ex rights; ■ ex all; [illegible] capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

## REGIONAL MARKETS

[illegible]

### IRISH

[illegible]

## OPTIONS

### 3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday November 8 1978



MILITARY GOVERNMENT HOLDS SIX MINISTERS

# Wave of arrests in Iran

BY OUR FOREIGN STAFF

THE NEW military Government in Iran yesterday arrested the former head of SAVAK, the secret police, six former ministers and a number of other officials.

While strikes in the oil industry continued, keeping oil output to a trickle, the capital Tehran was reported quiet. The city was under the grip of military occupation, imposed on Monday, and there were only a few clashes between troops and demonstrators. Most shops and offices remained closed.

The State radio announced the arrest of 72-year-old General Nematollah Nassiri, who was head of the intelligence and securtiy service for 13 years, as part of the Government's effort to tackle the sources of discontent which have led to the present crisis. He was reportedly accused of ordering torture, and illegal arrests.

Others arrested included Mr. Manuchehr Azemoon, former Minister of State in the government of Mr. Jaafar Sherif Emami, which resigned on Sunday: and Mr. Daryush Homayun, who was Information Minister in the last government. Mr. Homayun has been blamed for ordering the publication of an article violently attacking the Shah's exiled chief religious opponent, Ayatollah Khomeini, in a newspaper last February. The article is thought to have been responsible for serious rioting in the ctiy of Qom, which started the present wave of unrest against the regime.

Other former ministers arrested included Mr. Reza Sedeghiani, Mr. Iraj Vahidi, Mr. Manuchehr Taslami and Mr. Hushang Arbabi, all ministers of Amir Abbas Hoveida's 13-year government which resigned last year.

Also arrested were Mr. Abdul Ali Valinan, Governor-General of Khorrassan province, General Jaffar Gholi Sadri, former chief of national police, Mr. Iraj Gholsorkhi, former director-general of the Endowment Department, Mr. Reza Sheikh Bahaei, former deputy mayor of Tehran, Mr. Jaamshid Bozorghmehr, former director of Imperial Country Club, Mr. Hassan Rasouli, former secretary-general of the Olympic Committee of Iran, and prominent businessman Mr. Hassan Fouladi.

According to the State radio the 12 people arrested were reported to be held in army barracks in Tehran and detained under a martial law regulation which provides for the arrest of any suspect, without trial, for an indefinite period.

Meanwhile, the former director of Iranair, the national airline, died yesterday, two days after being wounded by assassins, according to authoritative sources. Retired Air Force General Ali Mohammed Khademi, died from a gunshot wound. Hospital officials said that they believed the wound was self-inflicted, but a member of the general's family said he was attacked at his house on Sunday by unidentified youths. Moslem youths claimed responsibility for shooting him.

The centre of Tehran was almost empty of traffic because of a petrol shortage, and there were long queues for petrol at filling stations from the moment the overnight curfew ended yesterday morning. There were unconfirmed reports that, in the main oil tanker distribution centre south of Tehran, 17 tankers were set on fire by arsonists.

Some 40 tanks were moved into the city to reinforce army positions, in anticipation of further demonstrations called by opponents of the Shah for today.

The few reports trickling in from the provinces suggested that, although the general level of violence had subsided considerably from that of the past few weeks, there was trouble on Monday in response to the news of the army's takeover. In Fruzabad a number of people were hurt in demonstrations, and there were clashes in Ahwaz, the oil industry centre.

According to estimates in Ahwaz, Iran's oil production was at its lowest, since the strike in the oilfields began three weeks ago, at 900,000 barrels, of which only 500,000 were available for export. However, NIOC, the State oil company, put the figure at 1.3m barrels.

Oil supplies hit, Page 3.
Editorial Comment, Page 22

# Austin-Morris assembly halted by parts strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AUSTIN-MORRIS car assembly was at a standstill last night and about 20,000 workers idle after 3,500 workers went on strike at the Drews Lane plant, Birmingham, which supplies steering and suspension systems.

Mr. Bill Maclean, BL Cars employee relations director, emphasised that the company could not afford to increase its 5 per cent pay offer.

The company has warned shop stewards that a long dispute will damage market share and might cause the loss of as many as 10,000 more jobs.

However, many dealers report that stocks are higher than for several years and the company is well placed to take advantage of the model shortage caused by by the Ford stoppage.

The fear within BL is that the latest troubles will damage customer confidence and lead to vehicle shortages early next year.

Austin-Morris is promoting models on the basis of immediate availability. Mann Egerton, a leading distributor, said that such campaigns could safely be continued at least until the end of this month.

Plants affected by the strike are: Longbridge: Mini and Allegro halted, 10,000 idle; Cowley: Maxi, Marina and Princess stopped, 5,300 idle; Abingdon: MG sports cars stopped, 800 idle; Common Lane, Birmingham: Sherpa vans halted, 240 idle.

**Ford's share of total U.K. registrations fell to 18.75 per cent last month, compared to 30.45 per cent in October last year. Statistics from the Society of Motor Manufacturers and Traders show that total sales were the best for any October since 1973. Page 7. Parliament Page 10**

Philip Bassett, Labour Staff, writes: Vauxhall Motors' manual workers moved closer to accepting the company's "final" pay offer, averaging more than 8 per cent, yesterday after the executive of the engineering workers' union urged members to accept it.

The decision by the executive of the Amalgamated Union of Engineering Workers, whose members form a majority in Vauxhall, raises hopes that the 26,000 workers will accept the offer.

AUEW shop stewards at the company's largest plant, Luton, endorsed the offer by deciding not to put it to a mass meeting.

Mr. Glyn Morgan, convenor, said: "We did not see the point of going to another mass meeting to get another forest of hands put up against us."

A strike call earlier was overwhelmingly rejected by the 13,000 Luton workers.

The 4,500 workers at the Dunstable plant voted on the offer yesterday in a secret ballot. The result today is expected to show acceptance.

The 5,000 AUEW workers at Ellesmere Port are expected to follow their executive's line on Sunday, leaving the 3,000 transport workers at the plant isolated should they reject it.

The offer gives pay increases ranging from 4.7 to 6.3 per cent for day shift workers, plus a performance-related supplement of £2 a week, to be consolidated in two months' time, with an extra 60p per week for skilled workers. The overall average increase is about 8.5 per cent.

# Government under fresh pressure on price controls

BY JOHN ELLIOTT AND ALAN PIKE

THE GOVERNMENT came under fresh pressure last night from both sides of industry over the use of price controls in the operation of its pay policy.

First the Confederation of British Industry met senior Ministers led by Mr. Denis Healey, Chancellor of the Exchequer, and warned that any extension of price controls would be strongly resisted by companies.

## Draft document

A few minutes after they left the Treasury, TUC leaders arrived for a dinner meeting. They repeated their view that current price controls are not strong enough and should be strengthened.

The union leaders discussed a draft document on pay and price restraint which has been prepared and as a result of their talks and will reconsider their stance at a key meeting of the TUC's economic committee this morning.

Earlier in the day the CBI's national conference in Brighton backed a broad anti-inflation policy that embraced both support for the present 5 per cent pay limit, providing it is implemented flexibly, and outright opposition to any further price restraint.

The determination to fight the Government over any new price laws was underlined by Sir John Methven, director general of the CBI, who said employers would have no part of any deal which, in an attempt to "present a façade" with the TUC, required companies to "pay quite unacceptable penalties, especially by screwing down price controls."

The conference also backed the creation of a national economic forum to promote a "wider range of understanding" on pay. In its final sessions, it also heralded a possibly tougher stand by employers over labour and trade union laws by calling for increased "employer solidarity" to resist trade union pressures.

## Discussions

Documents sent out by the TUC to union leaders for today's economic committee meeting do not contain an account of the repeated discussions which have taken place between the TUC and the Government since the rejection of the 5 per cent guidelines at the Labour Party Conference a month ago. Committee members will be grought up to date in a briefing from Mr. Len Murray, general secretary.

Although the talks with the TUC have not made the firm progress which Ministers would have liked, discussions are expected to continue in the coming weeks, possibly producing a special report to the TUC general council at the end of the month.

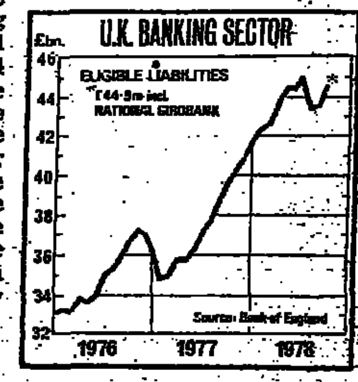
CBI Conference report, Page 9

THE LEX COLUMN

# Slicing £2m a week from AB Foods

The gilt-edged market eased yesterday morning as rumours circulated that eligible liabilities of the banks would rise by more than the 1½ per cent or so generally estimated for banking October. This was confirmed after lunch with news of a 2.4 per cent rise, on a comparable basis, though it could still be that sterling M3 ended the first half of the financial year just below the lower end of the target growth range. Meanwhile the clearing banks have completed the first three months of the corset period with an IBELs safety margin of only 1.4 per cent.

**Index fell 5.9 to 469.5**




## AB Foods

Over the past couple of days Associated British Food's share price has fallen by around a tenth while the shares of Ranks Hovis McDougall have dropped by less than 4 per cent. Given that RHM is considerably less profitable than ABF and, in addition, has a higher share of the bread market, then the stock market's immediate assessment of the situation does not look particularly sensible. For what it is worth ABF reckons that a prolonged bread strike could cost it £2m per week. In the case of RHM, which is less able to afford such losses, they will presumably be higher, but the stock market still seems to be mesmerised by RHM's 10 per cent yield—nearly double that of ABF.

As ABF's interim results demonstrate (pre-tax profits rose £1.7m to £33.7m) its non-baking businesses are holding up relatively well despite a sharp setback in the important South African subsidiary and a further squeeze on Fine Fare's margins—resulting from the High Street price war. In the second half South Africa is expected to recover strongly and the pressure on margins at Fine Fare seems to be easing while volume is up. Prior to the national bread strike, analysts had been pencilling in an increase in ABF's full year profits from £77.6m to £85m.

## Whitbread

The 28 per cent rise in pre-tax profits of Whitbread to £31.9m after six months gives a flattering impression of the trend, given that roughly £3m out of the £7m improvement is attributable to the recovery of the previous year's strike losses. Even so, Whitbread is putting up a solid performance, claiming a gain in beer volume which is larger than the modest rise of under 1 per cent by the industry for the six months to August. And according to Whitbread it continued to outperform in September, when industry growth improved to 2 per cent. Its lagers, Heineken and Stella, strengthened their position while Trophy continued to improve. Elsewhere the wine side has done well in a market which has been growing usefully this year, while Long John appears to have profited at the expense of DCL in the home market.

So far the autumn weather has been distinctly favourable to the brewers, and with consumer spending power building up the Christmas season is likely to be a strong one for the drinks trade. Against that, the benefits of the beer price rise last March are wearing off, so margins could shrink a little before a further price increase becomes practicable early next year. As for 1979-80, the projected rise in capital spending to £60m gives an idea of the group's hopes: this year, spending of £50m should be almost covered by cash flow. At an unchanged 98p the shares yield 6.4 per cent, close to the sector average.

## Coats Patons

Coats Patons has already warned that 1978 is not going to be a good year, and yesterday's interim figures bear this out. Sales volumes have fallen a little and pre-tax profits are £8m lower at £32.8m. So the trading margin is cut from 13.3 to 10.6 per cent. To cap it all, there is little sign of any improvement within the next [...] months.

The recent strength of sterling against the dollar provides part of the explanation for the sluggishness of the figures and accounts for £5.4m of the [...] fall. But the underlying [...] is one of extremely tough trading conditions in both Continental Europe and North America, which is compensated in part, by improvements in Australia and South America. In Europe, particularly bad performances have come from Italy, Spain and Germany where thread sales are depressed across the board. In the U.S. home thread business is [...] but commercial demand has been reasonable. As for the UK, thread sales and [...] have held up well against [a] buoyant period last time.

Thread apart, the trading picture is mixed. Yarns and [...] have held their profit contribution, despite a small volume drop; the Jaeger and [...] Casuals garments business [...] forged ahead, with [...] volume, sales and profits—but knitwear only the [...] fashioned side has performed well.

The profit downturn is not [...] bad on a Hyde basis (down [...] per cent to £18.7m) but Coats Patons is making no secret of the fact that full year figures on either basis will be significantly lower than last time. At [...], the shares yield 8½ per cent.

## General Motors

General Motors is cutting its dividend for 1978 from [...] to $6 per share—a move which by midday yesterday had helped to erase most of the [...] rally on Wall Street. Earnings this year could be [...] ahead of 1977's $11.62 per share—but a decline to $8.50 or [...] has been widely forecast for 1979, and GM has a [...] dividend record.

Still, most analysts had been hoping for at least a maintained payout. The cut raises questions about GM's recent forecast of record industry sales in 197[.] about the growing pressure on its profit margins and [...] balances; and about the outlook for the competition, which [is] far frailer than GM. Next year's dividend could fall to $4.50 or less, and meanwhile this bellwether stock is pressing down to its low point for 1977-78 around $58⅝.

# Massey-Ferguson to phase out 1,000 jobs in Kilmarnock

BY ARTHUR SMITH

MASSEY-FERGUSON plans to phase out 1,000 jobs at its Kilmarnock combine harvester plant from the middle of next year as part of a worldwide programme to reduce losses.

The company told trade union leaders in Scotland yesterday that as much of the rundown as possible would be achieved by natural wastage and voluntary redundancies. The unions have agreed to study the proposals before continuing discussions.

Rationalisation of combine harvester production is one of a series of measures to restore profitability after the US$145.5m loss incurred by the Canadian multi-national in the nine months to the end of July this year.

None of the other 8,500 Massey-Ferguson employees at UK plants would be affected by the review of activities still under way, the company said last night.

A study group of senior executives has recommended that combine harvester production should be transferred from Kilmarnock and concentrated at Marquette, France.

This range of activities gives Marquette a competitive advantage over the UK at a time when Massey - Ferguson's European manufacturing capacity for combines exceeds "all foreseeable level of demand." Labour at the French plant will be maintained at about 2,000.

Kilmarnock will become the European centre for baler production, a relatively labour intensive product with some export potential. Capacity at Kilmarnock will be halved to 400,000 square feet and the labour force, once well over 2,000, reduced from about 1,500 to 500.

*Our Glasgow correspondent* writes: The decision is almost certain to be opposed by the workforce, the unions involved and the local community Kilmarnock, with a population of 50,000, has suffered heavy redundancies at a number of engineering plants in recent years More than 500 jobs were lost with the closure last year of hydraulic valve-makers Glenfield and Kennedy, before its revival under U.S. ownership.

Massey-Ferguson shop stewards have kept in close contact in recent weeks with colleagues at Singer's Clydebank sewing machine factory, who secured Government backing for a £75,000 consultants' study to find an alternative to the compan's plans to reduce the workforce by nearly 2,800.

The Massey Ferguson stewards are likely to launch an appeal for funds to back a similar operation.

# Big four banks split on European monetary plan

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CHAIRMEN of the big four clearing banks are split on [...] the UK should join the [...] European Monetary [...]

[...] support for UK membership of the scheme came yesterday from the chairmen of three of the big four—Lloyds, Barclays and National Westminster—in oral evidence to an all-party committee of MPs inquiring into the subject.

This is in marked contrast to the opposition to the scheme of the chairman of the fourth clearer, Lord Armstrong of Midland Bank, who has described the proposals as not worth a "row of beans."

Lord Armstrong was unable to attend the hearing of the general sub-committee of the Expenditure Committee, where the clearing banks were represented by [Sir] Jeremy Morse of Lloyds, Mr. [...] Tuke of Barclays and [...] Leigh-Pemberton of [Nati]onal Westminister.

This is likely to be the final public session of the sub-committee before the full Commons debate on the subject a week to-day. Some members of the sub-committee are travelling to Brussels to-day to discuss the subject with M. Francois-Xavier Ortoli, the EEC Commissioner for economic affairs.

As yesterday's session Sir Jeremy, who has been one of the strongest public supporters of UK participation, said that, if the UK were not a member, the changes of the system working would be much less.

He argued that plans should be laid now, but that it would be best for Britain if the scheme did not start until later in 1979.

A similar view was taken by Mr. Tuke who argued that a January 1 entry date was not sacrosanct but that the balance of advantage was in going along with the rest of Europe in the hope that an improvement in the economy would result from being a member of the club.

Mr. Leigh Pemberton said that in the end the UK might not join at the initial phase. "That in itself is no solution to any problem," he said. "Since it would seem undeniably in our interests as far as possible to be within the main power centres of the EEC, we should aim over a reasonable period to join the new monetary system."

Sir Jeremy admitted that UK participation would involve "faith and courage" and that the scheme was the second in a series of experiments which started in the early 1970s.

Men and Matters Page 22

Continued from Page 1

## Wilson

this a number of times and there had been approaches from Rhodesia, he did not think that at present either side was sufficiently willing to compromise for such a final card to be played. "But I will take the opportunity if I see it."

Faced with an expected Tory backbench rebellion against renewing sanctions tonight, Mr. Pym urged his colleagues to follow official advice and abstain. Although there was a powerful case for lifting sanctions, he believed this would make matters more difficult.

It would diminish rather than enhance the chances of negotiating with the warring parties.

Continued from Page 1

## Cartel

ernments with large synthetic fibre industries—Italy, France, Holland, West Germany and the UK—are believed to have exerted considerable pressure on the Commission in a bid to win specialy exemption from EEC competition rules for the hard-pressed man-made fibres industry.

The "crisis cartel" has remained in abeyance since being started with the encouragement of Industry Commissioner Viscount Etienne Davignon as a means of restoring price and production discipline.

# Proposal for three-tier company reports system

BY MICHAEL LAFFERTY

A THREE-TIER system of company reporting, based on company size, is to be proposed by the Department of Trade. The plans will be announced in a consultative document early next year.

This was announced yesterday by Mr. Brian Murray, assistant secretary in the Trade Department with responsibility for future company legislation. He said the document would cover a complete revision of the disclosure requirements in Schedule 8 of the Companies Act. It will cover the recent EEC Fourth Directive on company accounts and the controversial measures discussed in the Government Green Paper, "The Future of Company Reports."

Mr. Murray said that the Government was still considering whether it should introduce "a wide enabling clause," permitting the Secretary of State to alter accounting and auditing rules, as well as the minimum requirements for directors' prorequirements for directors' reports. This would go far beyond the Trade Secretary's present powers, but Mr. Murray emphasised that it may be the only solution available because of pressure on parliamentary time.

Mr. Murray made his statement at a conference organised by Oyez International Business Communications, and accountants Whinney Murray.

Details Page 8.

# Weather

### UK TODAY

MOSTLY cloudy, showers.

**London, S.E. England, E. Anglia.**
Mainly dry, perhaps rain later. Warm. Max 15C (59F).

**Cent. S., E., Cent. and N.E. England, E. Midlands**
Cloudy, a little rain. Max 14C (57F).

**S.W. and N.W. England, Wales, Lakes, Isle of Man, Borders, Edinburgh and Dundee, S.W. Scotland, Glasgow, N. Ireland**
Sunny intervals, showers. Max. 12C (54F).

**N.E. and N.W. Scotland, Aberdeen, Cent. Highlands, Moray Firth, Argyll**
Sunny intervals, showers. Max. 10C (50F).

**Outlook:** Mostly dry in South. Occasional rain in north and west Scotland.

### BUSINESS CENTRES

| | | Y'day mid-day °C | °F | | | Y'day mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Amsterdm. | S | 9 | 48 | Madrid | R | 12 | 54 |
| Athens | F | 15 | 59 | Manchstr. | S | 13 | 55 |
| Bahrain | S | 27 | 80 | Melbourne | R | 21 | 70 |
| Barcelona | S | 19 | 66 | Mexico C. | C | 20 | 68 |
| Belfast | C | 13 | 55 | Milan | S | 7 | 45 |
| Belgrade | C | 4 | 39 | Montreal | C | 6 | 43 |
| Berlin | C | 6 | 43 | Moscow | R | −2 | 28 |
| Birmghm. | C | 13 | 55 | Munich | C | 3 | 37 |
| Bristol | C | 15 | 59 | Newcastle | C | 10 | 50 |
| Brussels | S | 12 | 54 | New York | C | 15 | 59 |
| Budapest | C | 4 | 39 | Oslo | C | 5 | 41 |
| B. Aires | C | 19 | 66 | Paris | S | 13 | 55 |
| Cairo | S | 24 | 75 | Perth | C | 19 | 66 |
| Cardiff | C | 14 | 57 | Prague | C | 3 | 37 |
| Chicago | S | 8 | 47 | Reykjavik | C | 4 | 39 |
| Cologne | F | 6 | 43 | Rio de J'o | S | 28 | 82 |
| Copnhagn. | C | 11 | 52 | Rome | F | 16 | 61 |
| Dublin | R | 13 | 55 | Singapore | C | 30 | 87 |
| Edinbrgh. | C | 11 | 52 | Stockholm | C | 6 | 43 |
| Frankfurt | C | 4 | 39 | Strasbrg. | C | 4 | 39 |
| Geneva | C | 6 | 43 | Sydney | R | 20 | 68 |
| Glasgow | C | 12 | 54 | Tehran | S | 10 | 50 |
| Helsinki | S | 5 | 41 | Tel Aviv | S | 23 | 73 |
| H. Kong | C | 25 | 77 | Tokyo | C | 16 | 61 |
| Jo'burg | C | 24 | 75 | Toronto | S | 6 | 43 |
| Lisbon | F | 16 | 61 | Vienna | C | 4 | 39 |
| London | S | 14 | 57 | Warsaw | C | 10 | 50 |
| Luxmbrg. | C | 3 | 37 | Zurich | C | 4 | 39 |

### HOLIDAY RESORTS

| | | Y'day mid-day °C | °F | | | Y'day mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 18 | 64 | Istanbul | S | 12 | 54 |
| Algiers | S | 22 | 72 | Jersey | F | 14 | 57 |
| Biarritz | C | 19 | 66 | Las Plms. | S | 26 | 79 |
| Blackpool | C | 11 | 52 | Locarno | S | 8 | 46 |
| Bordeaux | F | 18 | 64 | Majorca | F | 18 | 64 |
| Boulogne | S | 12 | 54 | Malaga | C | 19 | 66 |
| Casablnca. | C | 25 | 77 | Malta | F | 19 | [illegible] |
| Cape Town | S | 23 | 73 | Nairobi | S | 23 | 73 |
| Dubrovnik | S | 16 | 61 | Naples | C | 15 | 59 |
| Faro | R | 28 | 82 | Oporto | C | 18 | 64 |
| Florence | S | 14 | 57 | Salzburg | S | 4 | 39 |
| Funchal | S | 21 | 70 | Tangier | C | 22 | 72 |
| Gibraltar | C | 19 | 66 | Tenerife | S | 24 | 75 |
| Guernsey | S | 11 | 52 | Tunis | F | 19 | 66 |
| Innsbruck | S | 9 | 48 | Valencia | F | 18 | 64 |
| Inverness | S | 13 | 55 | Venice | S | 6 | 43 |
| I. of Man | [illegible] | 12 | 54 | | | | |

S—Sunny. F—Fair. C—Cloudy. R—Rain.



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